IMPERIAL ECONOMIC CONFERENCE

OF REPRESENTATIVES OF GREAT BRITAIN, THE DOMINIONS, INDIA, AND THE COLONIES AND PROTECTORATES, HELD IN OCTOBER AND NOVEMBER, 1923

RECORD OF PROCEEDINGS AND DOCUMENTS

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TABLE OF CONTENTS

PAGE

PRELIMINARY NOTE.. 5

RESOLUTIONS AGREED TO BY THE CONFERENCE.. 12

OPENING SPEECHES.. 23

PUBLICITY.. 69

AGENDA.. 69

OVERSEA SETTLEMENT WITHIN THE EMPIRE—

Discussion.. 70

Memorandum by His Majesty's Government (I.E.C. (23)—1).. 98

Report of Committee on Oversea Settlement.. 101

CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT—

Discussion.. 121

TARIFF PREFERENCE—

Discussion.. 140

Summary of proposals by His Majesty's Government.. 147

Report of Food and Materials Committee.. 160

IMPERIAL PREFERENCE IN PUBLIC CONTRACTS—

Discussion.. 201

COMMERCIAL FACILITIES AND STATISTICS—

Discussion.. 205

Memorandum by His Majesty's Government on Co-operation between Home and Dominion Governments in respect of Commercial Intelligence (I.E.C. (23)—5). 207

Commercial Facilities Committee—

1st Report.. 210

2nd Report.. 212

3rd Report.. 216

IMPERIAL COMMUNICATIONS—

(i.) Shipping Communications—

Discussion.. 227

Report of Bills of Lading Committee.. 267

Report of Shipping Taxation Committee.. 268

Memorandum by the Post Office on Inter-Imperial Mail Services (I.E.C. (23)—9).. 268

(ii.) Air Communications—

Discussion.. 281

Memorandum by the Air Ministry (I.E.C. (23)—10).. 286

Report of the Air Communications Committee.. 290

(iii.) Cables and Wireless—

Discussion.. 291

Memorandum by the Post Office on Cable and Wireless Communications of the Empire (I.E.C. (23)—7).. 323

Memorandum by the Postmaster-General on Imperial Wireless Service (I.E.C. (23)—57).. 329

Deputation from the Empire Press Union.. 330

PAGE

RECIPROCAL ENFORCEMENT OF JUDGMENTS, INCLUDING ARBITRATION AWARDS—
Discussion.. 341

PATENTS, DESIGNS AND TRADE MARKS—
Discussion.. 343
Memorandum by the Board of Trade (I.E.C. (23)—8).. 344
Memorandum by the Board of Trade: Supplementary Note (I.E. (Pat.)—2).. .. 346
Report of Patents Committee.. 347

ECONOMIC DEFENCE—
Discussion.. 350

EMPIRE CURRENCY AND EXCHANGE—
Discussion.. 350
Memorandum prepared in the Treasury (I.E.C. (23)—33).. 371
Committee on Inter-Imperial Exchanges: Agreed Resolutions.. 365

CO-OPERATION FOR TECHNICAL RESEARCH AND INFORMATION—
Discussion.. 383
Memorandum by the Department of Scientific and Industrial Research (I.E.C. (23)—16).. 393
Memorandum by the Secretary of State for the Colonies (I.E.C. (23)—18).. .. 411
Report of Imperial Institute Committee.. 414

IMMUNITY OF STATE ENTERPRISES—
Discussion.. 415

IMPORT AND EXPORT OF LIVE STOCK—
Discussion.. 420

FORESTRY—
Discussion.. 429
Memorandum by the Forestry Commission (I.E.C. (23)—44).. 435

WORKMEN'S COMPENSATION—
Discussion.. 451
Report of Workmen's Compensation Committee.. 454

IMPERIAL ECONOMIC COMMITTEE—
Discussion.. 455
CONCLUDING REMARKS.. 462
INDEX.. 465

IMPERIAL ECONOMIC CONFERENCE, 1923

Record of the Transactions of the Imperial Economic Conference held in October and November, 1923

PRELIMINARY NOTE

THE proceedings of the Imperial Economic Conference, 1923, opened at the Offices of the Cabinet, 2, Whitehall Gardens, on the 2nd October, 1923, and were continued until the 9th November. During that period twenty-three plenary meetings took place, and were normally attended by the following:—

Great Britain

The Right Hon. Sir PHILIP LLOYD-GREAME, K.B.E., M.C., M.P., President of the Board of Trade.

The Right Hon. NEVILLE CHAMBERLAIN, M.P., Chancellor of the Exchequer, represented, in his absence, by

Lieutenant-Colonel the Hon. WALTER GUINNESS, D.S.O., T.D., M.P., Financial Secretary to the Treasury.

The Right Hon. L. S. AMERY, M.P., First Lord of the Admiralty.

The Right Hon. Sir ROBERT SANDERS, Bart, M.P., Minister of Agriculture and Fisheries, represented, in his absence, by

The Right Hon. the EARL OF ANCASTER, O.B.E., Parliamentary Secretary and Deputy Minister of Fisheries.

Lieutenant-Colonel A. BUCKLEY, D.S.O., M.P., Parliamentary Secretary to the Department of Overseas Trade.

Canada

The Hon. GEO. P. GRAHAM, LL.D., Minister of Railways and Canals.

The Hon. Sir LOMER GOUIN, K.C.M.G., Minister of Justice and Attorney-General.

***Commonwealth of Australia**

The Right Hon. S. M. BRUCE, M.C., Prime Minister.

Senator the Hon. R. V. WILSON, Honorary Minister in Charge of Departments of Health and Migration.

New Zealand

The Right Hon. W. F. MASSEY, Prime Minister.

The Hon. Sir JAMES ALLEN, K.C.B., High Commissioner for New Zealand.

Union of South Africa

The Hon. H. BURTON, K.C., Minister of Finance.

The Hon. N. J. DE WET, K.C., Minister of Justice.

* The representatives of the Commonwealth of Australia did not arrive in England in time to attend the first three meetings of the Conference.

Irish Free State

The Hon. JOSEPH MCGRATH, T.D., Minister for Industry and Commerce, represented, in his absence, by

Mr. E. J. RIORDAN, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce.

Newfoundland

The Hon. W. R. WARREN, K.C., Prime Minister.

The Hon. Sir MARMADUKE WINTER, C.B.E., Minister without portfolio.

India

The Right Hon. VISCOUNT PEEL, G.B.E., Secretary of State for India.

Mr. C. A. INNES, C.S.I., C.I.E., Member of Governor-General's Council for Commerce and Railways.

Mr. DABIBA DALAL, C.I.E., High Commissioner.

Colonies and Protectorates

The Hon. W. G. A. ORMSBY-GORE, M.P., Parliamentary Under-Secretary of State for the Colonies; assisted by

SIR JAMES STEVENSON, Bart., G.C.M.G., Personal Adviser to Secretary of State for the Colonies on Business Questions; and

Sir G. E. A. GRINDLE, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.

Mr. J. C. C. DAVIDSON, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster, also attended meetings of the Conference as Minister in charge of Publicity arrangements.

Great Britain

SECRETARIAT

Mr. E. R. EDDISON, Secretary.
Mr. A. J. DAWE, Deputy Secretary.
Mr. A. R. FRASER, Assistant Secretary.
Mr. H. BROADLEY, Assistant Secretary.
Mr. G. A. G. STANLEY, Assistant Secretary.

Canada

Lieutenant-Colonel J. REID HYDE, C.B.E.

Commonwealth of Australia

Major R. McK. OAKLEY, C.B.E., V.D., Comptroller-General of Customs.

New Zealand

Mr. F. D. THOMSON, C.M.G.

Union of South Africa

Mr. E. H. FARRER, C.M.G.

SESSIONAL PAPER No. 36

Irish Free State

Mr. P. McGilligan

India

Mr. J. C. B. Drake, O.B.E.

Colonies and Protectorates

Mr. L. R. Lumley, M.P.

Certain meetings were in addition attended by the following Ministers:—

The Most Hon. the Marquess of Salisbury, K.G., G.C.V.O., C.B., Lord President of the Council.

The Right Hon. W. C. Bridgeman, M.P., Secretary of State for Home Affairs.

His Grace the Duke of Devonshire, K.G., G.C.M.G., G.C.V.O., Secretary of State for the Colonies.

The Right Hon. the Earl of Derby, K.G., G.C.B., G.C.V.O., Secretary of State for War.

The Right Hon. Sir Samuel Hoare, Bart., C.M.G., M.P., Secretary of State for Air.

The Right Hon. Sir C. A. Montague Barlow, K.B.E., LL.D., M.P., Minister of Labour.

The Right Hon. Sir Laming Worthington-Evans, Bart., G.B.E., M.P., Postmaster-General.

The Right Hon. Sir Douglas McGarel Hogg, K.C., M.P., Attorney-General.

Earl Winterton, M.P., Parliamentary Under-Secretary of State for India.

His Grace the Duke of Sutherland, Under-Secretary of State for Air.

The Viscount Wolmer, Parliamentary Secretary, Board of Trade.

The Right Hon. the Earl of Onslow, O.B.E., Parliamentary Secretary, Board of Education.

The Right Hon. W. L. Mackenzie King, C.M.G., Prime Minister of Canada.

General the Right Hon. J. C. Smuts, K.C., C.H., Prime Minister of the Union of South Africa.

The Hon. Desmond Fitzgerald, T.D., Minister for External Affairs, Irish Free State.

The Hon. J. J. Walsh, T.D., Postmaster-General, Irish Free State.

The following also attended meetings of the Conference:—

Great Britain

Ministry of Agriculture and Fisheries.

Sir Francis L. C. Floud, K.C.B., Permanent Secretary.

Sir A. Daniel Hall, K.C.B., LL.D., F.R.S., Chief Scientific Adviser to the Ministry of Agriculture and Fisheries.

Mr. R. J. Thompson, C.B., O.B.E., Assistant Secretary.

Mr. R. H. Franklin, Private Secretary to the Minister.

Mr. D. B. Toye, O.B.E., Private Secretary to the Parliamentary Secretary.

Air Ministry.

Major-General Sir W. S. BRANCKER, K.C.B., Director of Civil Aviation.
Lieutenant-Colonel I. A. E. EDWARDS, C.M.G., Deputy Director of Air Transport.
Mr. NOEL I. SMITH, M.B.E.
Squadron-Leader COLMORE.
Mr. C. LL. BULLOCK, Private Secretary to the Secretary of State.

Offices of the Cabinet.

Mr. R. B. HOWORTH, Assistant Secretary.

Colonial Office.

Sir JAMES MASTERTON-SMITH, K.C.B., Permanent Under-Secretary of State.
Mr. E. J. HARDING, C.M.G., Assistant Secretary.
Mr. H. G. BUSHE, Assistant Legal Adviser.
Mr. J. E. STEPHENSON, Principal.
Mr. C. R. PRICE, Assistant Principal.
Mr. G. H. CREASY, Assistant Principal.
Major R. D. FURSE, D.S.O., Assistant Private Secretary to the Secretary of State.
Mr. E. B. BOYD, Private Secretary to the Parliamentary Under-Secretary of State.

Board of Customs and Excise.

Sir H. P. HAMILTON, K.C.B., Chairman.
Mr. H. V. READE, C.B., Principal of Intelligence Branch.
Mr. C. J. T. B. GRYLLS, C.B.E., Assistant Secretary.

Board of Education.

Mr. E. K. CHAMBERS, C.B., Second Secretary.

Forestry Commission.

Major-General Lord LOVAT, K.T., K.C.M.G., K.C.V.O., C.B., D.S.O., Chairman.
Mr. R. L. ROBINSON, O.B.E., Commissioner.

General Post Office.

Sir G. E. P. MURRAY, K.C.B., Permanent Secretary.
Brigadier-General F. H. WILLIAMSON, C.B., C.B.E., Director of Postal Services.
Lieutenant-Colonel A. POWNALL, O.B.E., M.P., Parliamentary Private Secretary to the Postmaster-General.

Government Actuary's Department.

Sir A. W. WATSON, Government Actuary.

Home Office.

Mr. R. R. BANNATYNE, C.B., Assistant Secretary.
Mr. C. M. KNOWLES, Acting Principal.

India Office.

Mr. P. J. PATRICK, Principal.

The VISCOUNT GAGE, M.P., Parliamentary Private Secretary to the Secretary of State.

Board of Inland Revenue.

Sir R. V. N. HOPKINS, K.C.B., Chairman.
Mr. L. BROWETT, C.B.E., Assistant Secretary.
Mr. E. A. EBORALL, Principal Inspector.
Mr. G. R. HAMILTON, Principal.

Ministry of Labour.

Mr. H. J. WILSON, C.B., C.B.E., Permanent Secretary.
Mr. J. PATERSON, Assistant Secretary.

Oversea Settlement Department.

Mr. T. C. MACNAGHTEN, C.M.G., C.B.E., Vice-Chairman, Oversea Settlement Committee.

Dame MERIEL TALBOT, D.B.E., Oversea Settlement Committee.
Mr. G. F. PLANT, Secretary, Oversea Settlement Committee.
Mr. W. A. BANKES-AMERY, Finance Officer.
Mr. W. GARNETT, Staff Clerk.

Department of Overseas Trade (Development and Intelligence).

Sir WILLIAM H. CLARK, K.C.S.I., C.M.G., Comptroller-General.
Mr. R. W. MATTHEW, C.M.G., Director.
Mr. J. A. P. EDGCUMBE, C.B.E., Assistant Director.
Mr. R. W. DALTON, Senior British Trade Commissioner in Canada.
Mr. A. MULLINS, C.B.E., Private Secretary to the Parliamentary Secretary.

Lord APSLEY, D.S.O., M.C., M.P., Parliamentary Private Secretary to the Parliamentary Secretary.

Patent Office.

Mr. W. TEMPLE FRANKS, C.B., Comptroller-General.
Mr. A. J. MARTIN, O.B.E., Assistant Comptroller.

Department of Scientific and Industrial Research.

Sir H. FRANK HEATH, K.C.B., Secretary.
Mr. J. W. GENTLEMAN, Assistant Principal.

Board of Trade.

Sir SYDNEY CHAPMAN, K.C.B., C.B.E., Permanent Secretary.

Sir H. LLEWELLYN SMITH, G.C.B., Chief Economic Advisor to His Majesty's Government.

Mr. C. HIPWOOD, C.B., Senior Assistant Secretary.
Mr. H. FOUNTAIN, C.B., C.M.G., Principal Assistant Secretary.
Mr. P. W. L. ASHLEY, C.B., Principal Assistant Secretary.
Mr. F. H. COLLER, C.B., Secretary, Food Department.
Mr. A. E. LEE, Assistant Principal.
Mr. R. D. FENNELLY, Assistant Principal.
Mr. A. E. OVERTON, M.C., Private Secretary to the President.
Mr. A. A. HOPPER, Private Secretary to the President.

Captain V. A. CAZALET, M.C., Private Secretary to the President.
Mr. J. G. HENDERSON, O.B.E., M.C., Private Secretary to the Permanent Secretary.
Mr. W. B. BROWN, Private Secretary to Viscount Wolmer.

Treasury.

Mr. O. E. NIEMEYER, C.B., Controller of Finance.
Mr. R. F. WILKINS, C.B., Assistant Secretary.
Mr. R. G. HAWTREY, Assistant Secretary.
Mr. L. CUTHBERTSON, Principal.
Captain SIDNEY HERBERT, M.P., Parliamentary Private Secretary to First Lord of the Treasury.
Mr. P. J. GRIGG, Private Secretary to the Chancellor of the Exchequer.
Mr. H. BRITTAIN, Private Secretary to Financial Secretary.

War Office.

Mr. J. A. CORCORAN, C.B., Director of Army Contracts.

Business Advisers and Others.

The Right Hon. E. M. ARCHDALE, Minister of Commerce, Northern Ireland.
Mr. C. LITCHFIELD, Permanent Secretary, Ministry of Commerce, Northern Ireland.
Mr. J. SHUTTLEWORTH, Ministry of Commerce, Northern Ireland.
Mr. R. T. NUGENT, } representing Sir Eric Geddes, G.C.B., Business
Mr. J. M. MACKENZIE, } Adviser to the President of the Board of Trade.
Sir ERNEST GLOVER, Bart., Business Adviser to President of the Board of Trade.
Mr. P. MAURICE HILL, representing Sir Ernest Glover, Bart.
Sir ARTHUR BALFOUR, K.B.E., Business Adviser to the President of the Board of Trade.
Mr. STANLEY MACHIN, representing Sir A. Balfour, K.B.E.
Mr. J. W. BEAUMONT PEASE, Business Adviser to the President of the Board of Trade.
Sir CHARLES ADDIS, K.C.M.G., Chairman, London Committee, Hong Kong and Shanghai Bank.
Sir HALFORD MACKINDER, Chairman, Imperial Shipping Committee.

Canada

Dr. J. H. GRISDALE, Deputy Minister of Agriculture.
The Hon. DUNCAN MARSHALL, Commissioner of Agriculture.
Dr. CHARLES CAMSELL, LL.D., F.R.S.C., Deputy Minister of Mines.
Major GRAHAM BELL, C.M.G., Deputy Minister of Railways and Canals.
Major-General J. H. MACBRIEN, C.B., C.M.G., D.S.O., Chief of General Staff.
Commodore WALTER HOSE, C.B.E., R.C.N., Director of Naval Service.
Dr. O. D. SKELTON, M.A., Ph.D.
Mr. F. C. BLAIR, Secretary, Department of Immigration and Colonization.
Mr. R. H. COATS, Dominion Statistician.
Colonel J. OBED-SMITH, Superintendent of Immigration in London.
Mr. HARRISON WATSON.

Commonwealth of Australia

Sir Robert R. Garran, K.C.M.G., Solicitor-General and Parliamentary Draftsman.
Mr. G. F. Ainsworth, Prime Minister's Department.
Mr. Herbert Brookes, Member, Tariff Board.
Mr. C. H. Reading, Member, Australian Board of Trade.
Mr. J. Sanderson, Representative of the Commonwealth Government on the Board of Trade Advisory Council.
Mr. W. J. Young, C.B.E.
Mr. F. L. McDougall.

New Zealand

Mr. F. T. Sandford, Immigration Officer.

Union of South Africa

Sir Howard Gorges, K.C.M.G., M.V.O., Chairman of Board of Trade and Industries.
Sir W. Macintosh, M.L.A.
Senator the Hon. J. P. Malan.
Sir E. Chappell, C.B.E.
Mr. W. J. O'Brien, O.B.E., M.L.A.
Mr. W. Marshall.
Mr. G. Owen Smith, I.S.O., Commissioner of Customs and Excise.
Mr. J. Collie, O.B.E., Department of Finance.
Mr. R. E. C. Mitchell, Private Secretary to the Hon. H. Burton, K.C.

Irish Free State

Senator Sir John Keane, Bart.
Senator R. M. Butler.
Mr. Gordon Campbell, Secretary to the Ministry of Industry and Commerce.
Mr. J. J. Macelligot, Ministry of Finance.
Mr. C. J. Flynn, Revenue Commissioner.
Professor T. A. Smiddy.

Newfoundland

The Hon. Sir Patrick T. McGrath, K.B.E., Member of Legislative Council.
Captain V. Gordon, Acting High Commissioner.

India

Sir E. M. Cook, C.S.I., C.I.E.
Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London.

Apart from the plenary meetings, thirty meetings of Committees of the Conference took place. There were also a number of informal meetings between members of the Conference to discuss various matters bearing on the business of the Conference.

RESOLUTIONS AGREED TO BY THE CONFERENCE

1. OVERSEA SETTLEMENT WITHIN THE EMPIRE

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference approves the Report of the Committee appointed to consider questions relating to oversea settlement.* The Conference endorses the recommendations of the Committee and notes with satisfaction the arrangements as recorded in the report which have been arrived at, or are in contemplation, with a view to improving the facilities for settlement within the Empire.

"The Conference takes this opportunity of reaffirming its sense of the importance of the policy of oversea settlement to the well-being of the Empire."

2. CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

It was agreed that the Scheme recommended by the Committee on Co-operation in Financial Assistance to Imperial Development be adopted. The Report of the Committee reads as follows:—

"The Committee on Financial Co-operation recommends for adoption by the Conference the following scheme which was submitted to the Committee by the representatives of His Majesty's Government.

"The suggestion which the Imperial Government make is that in order to facilitate the anticipation of work which otherwise would not be taken in hand for some years they should give a contribution towards the interest charges on loans raised for capital expenditure of this kind by public utility undertakings (viz., communications, power, lighting, water, drainage, irrigation, &c.). These undertaknge might be under either public or private control or management.

"The assistance would be in respect of expenditure on orders placed in this country and would be applicable only to schemes approved by the Dominion or Central Government concerned and certified by it to be in anticipation of normal expenditure. Payment would be made to the Dominion or Central Government which would be responsible for payment to the ultimate recipient.

"It is suggested that the maximum grant should be three-quarters of the interest charges for a period of five years.

"In order to qualify for the Imperial contribution a scheme must be accepted by the Imperial Government within the next three years. The approval on behalf of the Imperial Government would be given after consultation with the Treasury, the Colonial or India Office and the Board of Trade.

"It would be understood that priority will be given to schemes involving the earliest placing of orders."

3. IMPERIAL PREFERENCE

(1) Tariff Preference

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference, holding that, especially in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries, desires to reaffirm the Resolution on the subject of Imperial Preference passed by the Imperial War Conference of 1917."

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* See page 101.

(2) Imperial Preference in Public Contracts

It was decided to adopt the following Resolution:—

"1. That this Imperial Economic Conference re-affirms the principle that in all Government contracts effective Preference be given to goods made and materials produced within the Empire except where undertakings entered into prior to this Conference preclude such a course or special circumstances render it undesirable or unnecessary.

"2. That so far as practicable, efforts be made to ensure that the materials used in carrying out contracts be of Empire production.

"3. That State, provincial and local government authorities should be encouraged to take note of the foregoing resolutions."

4. FURTHER STEPS FOR THE IMPROVEMENT OF MUTUAL TRADE

(A)—Imperial Co-operation in respect of Commercial Intelligence

It was decided to adopt the following Resolutions:—

(i) *Commercial Diplomatic and Consular Services.*

"This Imperial Economic Conference takes note of the offer of His Majesty's Government to place the services of His Majesty's Commercial Diplomatic Officers in foreign countries at the disposal of the Governments of the Dominions and India and of the Colonies and Protectorates in the same way and to the same extent as the services of His Majesty's Trade Commissioners within the Empire are already at their disposal. It notes that His Majesty's Government propose that as regards countries outside of Europe the Governments should utilise direct the services of Commercial Diplomatic Officers or of senior Consular Officers where no Commercial Diplomatic Officers have been appointed, but that communications which it is proposed to address to Commercial Diplomatic Officers in European countries should be transmitted in the first instance to the Department of Oversea Trade.

"The Conference, recognising the importance of all possible steps being taken to strengthen the mutual co-operation of the several parts of the Empire in matters of commercial intelligence with a view to the development of Empire trade, welcomes the arrangements proposed by His Majesty's Government.

"It also welcomes the offer of the Governments of the Dominions which have appointed Trade Commissioners in countries overseas to make a similar arrangement for the utilization of those officers by Governments of other parts of the Empire.

"The Conference further recommends that, when two or more Governments of the Empire maintain commercial representatives in the same country, an endeavour should be made to arrange that the offices of these representatives should be in the same building or in close proximity, in order to facilitate all possible co-operation between such representatives in their work on behalf of Empire trade."

(ii) *Commercial Travellers' Samples.*

"This Imperial Economic Conference proposes that articles liable to duty imported into any part of the British Empire as samples or specimens by commercial travellers representing manufacturers or traders established in any other part of the British Empire, should be temporarily admitted free of duty, subject to such persons complying with the laws and regulations and also the Customs formalities established to

assure the re-exportation or deposit in bond of the articles or the payment of the prescribed Customs duties if not re-exported or deposited within the prescribed period. But the foregoing privilege should not extend to articles which, owing to their quantity or value, cannot be considered as samples, or which, owing to their nature, could not be identified upon re-exportation.

"The marks, stamps, or seals placed upon such samples by the Customs authorities of any part of the Empire at the time of exportation and the officially attested list of such samples containing a full description thereof, including, in the case of goods liable to *ad valorem* duty, a statement of their value, should be accepted by the Customs officials of any other part of the Empire as establishing their character as samples and exempting them from inspection, except so far as may be necessary to establish that the samples produced are those enumerated in the list.

"The Customs authorities of that part of the Empire into which samples are brought may, however, affix a supplementary mark to such samples or lists in special cases where they may think this precaution necessary.

"In cases where the regulations require the provisional payment of the duties or deposits for such samples on entry a receipt for such payment should be given and the duties or deposits should be reimbursed at any Customs-house at which the samples may be produced with a view to re-exportation."

(iii) *Trade Catalogues.*

"This Imperial Economic Conference proposes that, where freer admission of catalogues and price lists is not provided for, single copies of trade catalogues and price lists of firms having an established place of business within the Empire, sent by post, or with consignments of goods, from any part of the British Empire, to business firms in any other part of the British Empire, should be admitted free of duty, provided that they are the trade catalogues of price lists of firms or persons having no established place of business in the territory to which they are sent."

(B)—Statistics

"This Imperial Economic Conference, recognizing the importance of rendering the trade statistics published by the Government of the United Kingdom as valuable as possible with reference to the development of inter-Imperial trade, recommends that the United Kingdom Board of Trade, after reviewing the statistics in question from this point of view, should draw up a detailed scheme and submit it to the Governments of the several parts of the Empire for their consideration."

(C)—Imperial Communications

(i) *Shipping.*

(a) *Imperial Shipping Committee.*

It was agreed to adopt the following Resolutions:—

(1)

"That this Imperial Economic Conference desires to convey to Sir Halford Mackinder, as Chairman of the Imperial Shipping Committee, and to the Members of that Committee, an expression of its appreciation of the very excellent work which they have done during the period of the Committee's existence, both in the interests of the commercial and producing communities, and of British citizens generally."

(2)

"That this Imperial Economic Conference is of opinion:—

"(1) That the work accomplished by the Imperial Shipping Committee is convincing proof of the wisdom of its establishment, and that it is of the highest importance to the Empire that this work should continue;

"(2) That it is, therefore, desirable to maintain the Committee on its present basis, deriving authority from, and responsible to, the Governments represented in the Imperial Conference."

(b) *Carriage of Goods by Sea.*

It was agreed that the following Resolution be adopted:—

"This Imperial Economic Conference having examined the Rules relating to Bills of Lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to bills of lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

(c) *Shipping Taxation*

It was agreed that the recommendations put forward in the Report of the Shipping Taxation Committee* be adopted.

(ii) *Air Communications*

It was decided to adopt the following Resolutions:—

"(1) That the British Government should circulate to the Dominions and India a statement showing the present anticipated operational performances of rigid air-ships and in the future should circulate regularly up-to-date information of the progress of the Burney airship proposals in order that consideration of Empire participation in these or future airship proposals might be facilitated.

"(2) That the British Government should prepare a draft procedure designed on a reciprocal basis to secure more rapid and more extensive interchange of information in regard to civil aeronautics and should submit this for the consideration of the other Governments of the Empire with a view to general adoption.

"(3) That having regard to post-war developments, any British oversea countries which have no up-to-date experience of air photography and contemplate the use of air survey, would be well advised, whenever possible, to consult other Empire Governments having such experience before accepting estimates or schemes providing for its use."

(iii) *Cables and Wireless*

It was agreed that the following Resolutions be adopted:—

"(*a*) That this Imperial Economic Conference affirms the importance of establishing as quickly as possible an efficient Imperial Service of Wireless Communication, and is of opinion that the several Governments of the Empire should take immediate action to remove any difficulties

* See page 268.

which are now delaying the accomplishment of this, while providing adequate safeguards against the subordination of public to private interests.

"(*b*) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

"(*c*) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

"(*d*) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations), preference should be accorded to British Companies of any part of the Empire."

(D)—Reciprocal Enforcement of Judgments, Including Arbitration Awards

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference take note of the action already taken in many parts of the Empire to carry into effect the proposal contained in Resolution XXV of the Imperial Conference, 1911, with regard to mutual arrangements with a view to the enforcement in one part of the Empire of judgments and orders of the Courts of Justice in another part, including judgments or orders for the enforcement of commercial arbitration awards. While it is recognized that in certain Dominions these matters come within the scope of Provincial or State Governments whose freedom of action could not be bound by any decision of the Dominion or Central Government, the general view of the Imperial Economic Conference is that a universal arrangement throughout the Empire for the reciprocal enforcement of judgments, including arbitration awards, could not fail to be valuable and advantageous to trade and commerce, and is accordingly an object at which the different parts of the Empire should aim."

(E)—Imperial Co-operation With Reference to Patents, Designs and Trade Marks

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference have given careful consideration to the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Conference feels unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Conference, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates, and that considerable benefits would thereby be derived by inventors throughout the Empire."

(F)—Economic Defence

It was decided to adopt the following Resolution:—

"In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare—

"(1) That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.

"(2) That in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

(G)—Customs Formalities

(i) *Valuation of Goods for Customs Duty Purposes*

It was decided to adopt the following Resolutions:—

Form A

"A common form of invoice and certificate for use by exporters having been adopted by Australia, New Zealand, the Union of South Africa, and Newfoundland, as well as by a number of Colonies, the Conference strongly recommends, in the general interests of inter-Imperial trade, that the early adoption of an identical form may be sympathetically considered by all the other Governments throughout the Empire which levy duty on a system similar to that in force in the above-mentioned parts of the Empire.

"The Conference understands that legislation to give effect to the recommendations of the Imperial Customs Conference has already been passed in Australia and New Zealand, and ventures to urge the passing of similar legislation in every case in which such may prove to be necessary."

Form B

"The Conference has had before it a form of invoice and certificate which has been prepared as suitable for use in those parts of the Empire which levy duty on the invoice value of goods imported from other parts of the Empire, and require for this purpose a certified statement made by the exporter of the goods.

"The Conference strongly recommends, in the interests of inter-Imperial trade; the early adoption by all parts of the Empire which levy duty on the system in question of the form annexed to this Resolution." *

Certificate in Regard to Postal Packages

"The attention of the Conference has been drawn to the short form of certificate prepared by the Imperial Customs Conference, 1921, for use as establishing the origin of goods sent by parcel post from the United Kingdom.

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* See pages

"It understands that this form has already been adopted by a number of the Dominions and Colonies, and considers that in the interests of inter-Imperial trade, the adoption of a similar form is desirable in the case of parcels arriving in one part of the Empire from another part.

"The Conference therefore strongly recommends that, in the case of parcels sent by parcel post, the contents of which are of small value and are not merchandise for sale, the following short form of certificate should be adopted at an early date by all parts of the Empire concerned, as providing satisfactory evidence of the origin of the goods in cases where the production of such evidence entitles the goods to entry at a lower rate of duty than would otherwise obtain:—

"The contents of this package are not merchandise for sale, and every article herein, to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of.....
(name of part of British Empire).

"Dated at..... this.....day of..... 19....

"..... Sender."

(ii) *International Conference on Customs Formalities*

It was decided to adopt the following Resolution:—

"That the Conference should take note of the work accomplished by the recent League of Nations International Conference on Customs and other Similar Formalities (the 15th October to the 3rd November, 1923), and that the conclusions of that Conference should be recommended for favourable consideration to the various Empire Governments concerned."

(H)—Empire Currency and Exchange

The Imperial Economic Conference adopted and endorsed the following Resolutions, submitted to them by the Committee on Inter-Imperial Exchanges:

"(1) That, arising as they do from the suspension of an effective gold standard, the difficulties of Inter-Imperial exchange will disappear when the currencies of Great Britain and the Dominions affected are again made convertible into gold.

"(2) That it is neither necessary nor desirable to adopt complicated plans for a new instrument of credit, such as Empire Currency Bills, which involve difficult and disputable constitutional and financial questions.

"(3) That where difficulties have arisen in regard to exchange between certain parts of the Empire and between such parts of the United Kingdom,

"(*a*) The position could be ameliorated if the note-issuing authorities were to accumulate sterling assets and to undertake to exchange their local currencies for sterling and *vice versâ*.

"(*b*) This measure might be further developed and assisted by the creation of central banks and by mutual co-operation as recommended by the Genoa Conference.

"(*c*) In some cases the bank charges for buying and selling sterling appear to be unduly high and should be capable of reduction."

(J)—Co-operation for Tecihnical Research and Information

It was decided to adopt the following Resolutions:—

Resolution 1.

"This Imperial Economic Conference recommends the adoption of the first of the two schemes for the future of the Imperial institute and the Imperial Mineral Resources Bureau proposed in the Report* of the Imperial Institute Committee of Enquiry, 1923, subject to the following modifications:—

"(i) That in order to ensure that the reconstituted Imperial Institute may in future undertake in its laboratories only preliminary investigations of raw materials for the purpose of ascertaining their possible commercial value, and to ensure that investigation or research of a more extensive kind may be referred to the appropriate authority, whether in this country, or elsewhere in the Empire, there shall be formed a small Committee of the Governing Body, to be known as the 'Laboratory Committee,' consisting of the Comptroller-General of the Department of Overseas Trade (or his nominee), the Secretary of the Scientific and Industrial Research Departemnt (or his nominee), and a Fellow of the Royal Society, being a representative of that Society on the Governing Body of the Imperial Institute, who will supervise the laboratory work of the Institute and report thereon from time to time to the Governing Body.

"(ii) That, with a view to ensuring that in future the reconstituted Institute may have expert assistance in regard to finance, *e.g.*, in establishment matters, a representative of His Majesty's Treasury be added to the new Governing Body and to the new Managing Committee proposed in paragraphs 100 and 101 of the Report of the Imperial Institute of Enquiry."

Resolution 2

"This Imperial Economic Conference approves the estimate of the cost of maintaining the reconstituted Institute as set out in paragraph 5 of the memorandum of the Secretary of State for the Colonies submitted to the Conference I.E.C. (23)-18); and suggests that in order that the sum of £8,000, which is proposed as an annual contribution from the Dominions and India, may be obtained, the ministeral representatives of the Dominions and of India advise their respective legislatures to contribute the following annual amounts for a period of five years:—

"Canada	£2,000
Commonwealth of Australia	2,000
New Zealand*	1,200
Union of South Africa	1,200
India	1,200
Irish Free State	200
Newfoundland	200"

*On the understanding that New Zealand is willing to raise this amount to £1,500 provided that the Exhibition Galleries of the Institute are retained.

Resolution 3

"This Imperial Economic Conference take note of the memorandum on the co-ordination of research bearing upon industry and the sugges-

* See Cmd. 1997 of 1923.

tions for its development submitted by the Department of Scientific and Industrial Research in consultation with the Ministry of Agriculture and Fisheries and other Departments, and they are of opinion that all possible steps should be taken to encourage the exchange of scientific and technical information between the various parts of the Empire, and the co-operation of the official and other organisations engaged in research for the solution of problems of common interest."

(K)—Immunity of State Enterprises

It was decided that the following Resolutions be adopted:—

I

"This Imperial Economic Conference, so far as it is competent for its members without prejudice to the rights of the States or Provinces of a self-governing Dominion, agrees with the recommendation of the Committee on the Liability of Dominion and Foreign Governments, &c., to United Kingdom taxation expressed in the following terms, viz.:—

"Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the Empire, in which it may either own property in connection with trade, or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances."

"It is agreed that each of the several Parliaments of Great Britain, the Dominions and India shall be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Governments in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. It is not contemplated that such legislation should have retrospective effect for any year prior to 1924.

"This Conference further agrees that, as soon as possible after the passing of the aforesaid legislation, negotiations should be opened with the Governments of foreign countries, in accordance with the recommendations of the aforesaid Committee, "with a view to reciprocal agreement between those countries and the Empire to the following effect: if or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade.

"It is understood that, as the Committee recommended, it would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war."

II

"The Conference further recommends that the draft convention on the immunity of State-owned ships adopted by the meeting of the International Maritime Committee held at Gothenburg in August last, and amended after consultation between the British Admiralty and Board of Trade, should be adopted throughout the Empire as the basis on which an international convention might be concluded. This amended draft is as follows:—

"*Immunity of State-owned Ships*

"(Amended Draft: October 26, 1923)

"*Article* 1.—Vessels owned or operated by States for trading purposes, cargoes owned by them and cargo and passengers carried on such vessels and the States owning or operating such vessels shall be subjected in respect of claims relating to the operation of such vessels or to such cargoes to the same rules of legal liability (i.e., liability to be sued for payment) and to the same obligations as those applicable to private vessels, persons or cargo.

"*Article* 2.—Such liabilities shall be enforceable by the tribunals having jurisdiction over and by the procedure applicable to a privately-owned ship or cargo or the owner thereof.

"*Article* 3.—Ships of war, State Yachts, Surveying Vessels, Hospital Ships and other vessels owned or operated by States and employed on other than trading purposes shall continue to enjoy the respective privileges and immunities hitherto enjoyed by them by the comity of nations. Liabilities against such ships in respect of collisions or salvage claims shall, however, be enforceable, but only by action before the competent tribunals of the State owning or operating such vessels; and no such vessel shall be liable to arrest. Similarly, State-owned cargo carried for non-commercial purposes in ships owned or operated by the State shall not be subject to seizure, but shall be liable to process of Law, but only in the Courts of the State owning such vessels.

"*Article* 4.—The provisions of this Convention will be applied in every contracting State in all cases where the claimant is a citizen of one of the contracting States, provided always that nothing in this Convention shall prevent any of the contracting States from settling by its own laws the rights allowed to its own citizens before its own Courts.

"*Article* 5.—This Convention shall not be binding on a belligerent State in respect of claims arising during the period of belligerency."

5. IMPERIAL POLICY WITH REGARD TO THE IMPORT AND EXPORT OF LIVESTOCK

After consideration of this question, the Imperial Economic Conference decided that steps should be taken to promote Inter-Imperial trade in pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

It was further agreed that a Conference should be arranged between representatives of His Majesty's Government and the Canadian Government to consider the question of the administrative interpretation of "The Importation of Animals Act, 1922."

6. IMPERIAL POLICY WITH REGARD TO FORESTRY

It was decided to adopt the following Resolution:—

"That the Imperial Economic Conference accepts generally the Resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for their favourable consideration."*

7. WORKMEN'S COMPENSATION

It was decided to adopt the following Resolutions:—

Resolution I

Non-resident Workmen

"That this Imperial Economic Conference, taking note of the existing restrictions in the Workmen's Compensation laws of certain parts of the British Empire on the payment of benefits to workmen and their dependents on the ground of non-residence in the State in which the accident happened, and having regard to the tendency of such restrictions to discourage movement within the Empire, is of opinion that no British subject who is permanently incapacitated, and no dependant of a British subject who has been killed, by accident due to his employment in any part of the Empire should be excluded from any benefit to which he would otherwise be entitled under the Workmen's Compensation law of that part of the Empire on the ground of his removal to or residence in another part of the Empire."

Resolution II

Seamen

"That this Imperial Economic Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a register of shipping, but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation."

Resolution III

Aliens

"That this Imperial Economic Conference, taking note of the disabilities imposed under the Workmen's Compensation laws of certain foreign countries on British subjects residing in those countries and their dependants, invites each Government of the Empire, regard being had to its own particular conditions, to consider the possibility of adopting in workmen's compensation legislation, the principle of reciprocity, that is, that the benefits of such legislation should be accorded to subjects of foreign countries upon the condition that and to the extent to which such foreign countries accord reciprocal treatment to British subjects."

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* See page 555.

The Conference notes in adopting the foregoing Resolutions that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction and is in those cases and to that extent outside the control of the Dominion Government.

8. IMPERIAL ECONOMIC COMMITTEE

It was decided to adopt the following Resolution:—

"That in the opinion of this Imperial Economic Conference (Canada dissenting)—

"(1) It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

"(2) The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments, provided that no question which has any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire."

It was further decided that in the constitution of the proposed Imperial Economic Committee representation should be alloted to the various constituent Governments as follows:—

Great Britain	4 members.
Dominions	2 members each.
India	2 members.
Colonies and Protectorates	2 members.

OPENING SPEECHES

Sir PHILIP LLOYD-GREAME, as Chairman, opened the proceedings on the 2nd October with a brief review of the economic situation and the work which lay before the Conference. He was followed in turn by the Prime Ministers of Canada, New Zealand, the Union of South Africa and Newfoundland, by Mr. McGrath for the Irish Free State, by Mr. Innes for India, and by Mr. Ormsby-Gore for the Colonies and Protectorates. The Prime Minister of the Commonwealth of Australia, who was unable to arrive in England in time for the beginning of the Conference, made his opening statement at the fourth meeting, on the 9th October. The opening speeches were published in full at the time, and were as follows:—

OPENING SPEECH BY SIR PHILIP LLOYD-GREAME

It needs no words on the part of the representatives of the British Government to express the gratification we all feel at being associated with you in the work of this Economic Conference. We have looked forward keenly to the occasion. At any time it would be of great value that the Governments of the Empire should devote their concerted attention in council to the economic problems with which they are confronted. But surely there could be no more opportune moment than the present for the meeting of such a Conference.

We are all faced with economic problems and difficulties, differing in character and degree, but all of them having a common origin in the upheavel caused by the war, and the dislocation and disturbance which have followed in

its train. And, as these problems have a common origin, they are, I believe, susceptible, to a large extent, of a common solution. If we are to co-operate in common or complementary action, this can only be done by meeting in conference, where we can speak with the frankness of partners and with the purpose of partners to work out a policy in which the various parts of the Empire can co-operate to their mutual advantage.

ECONOMIC POSITION IN GREAT BRITAIN

Our position in this country is well known to you. You have watched our industrial development. That development has involved an increasing dependence on export trade, an increasing dependence on imported materials; and our capacity to buy those materials is dependent principally on our capacity to maintain our export trade by sales overseas. And throughout all our period of industrial development the maintenance of a growing population has depended upon the concurrent expansion of trade.

To-day our export trade is still far below its pre-war volume. This deficiency, fluctuating somewhat in extent, has persisted for many months, and has been and is to-day reflected in unemployment of a duration and on a scale without precedent. It would be difficult to exaggerate the gravity or the urgency of such a situation. But one fact is plain. We can only restore and maintain steady employment in this country, if we can wipe out the deficit in our export trade and indeed do something more. It will not be enough to get back to our pre-war volume of trade. Our population has increased, and at the same time the efficiency of methods of production has improved. Consequently a larger volume of trade is necessary than before the war to maintain employment.

THE VITAL PROBLEM OF MARKETS

For us, therefore, the vital problem is the problem of markets; the restoration of old markets, but, still more, the development of new markets. While the interdependence of world trade makes the restoration of stable and productive conditions in Europe of great importance, we should realise two facts in this connection. Firstly, even if we assume the most favourable conditions that are practically possible to-day, the complete recovery of the producing and purchasing power of parts of Europe must be, at least, a slow process. Secondly, the industrial capacity of Europe was largely increased during and immediately after the war, and consequently we shall have to face increasing competition in industrial output. These facts emphasise the enormous importance to us of the progressive development of new markets. And is it not true that for the Dominions and for the Colonies the need of constant and steady markets is hardly less important?

LESSONS OF THE PAST IN THE ECONOMIC DEVELOPMENT OF THE EMPIRE

Looking at the economic history of the past, there are, I think, two outstanding lessons, which we should do well to bear in mind. The first is that the surest guarantee of industrial prosperity in this country is the development of fresh resources, new fields overseas. The most prosperous period in our industrial history was, I suppose, unquestionably the period of easy success between 1850 and 1870, a period which coincided with enormous development in America and in other parts of the world. The second lesson may be drawn from the epoch which followed. The effects of the long period of industrial depression, which came shortly after the Franco-Prussian war, are common knowledge. But what is not so well remembered is that during that depressing time, while for years our export trade to foreign countries showed no increase,

while our population was steadily growing, one thing above all others enabled us to carry on: the fact that our exports of manufactures within the Empire almost doubled in those difficult years. And let us remember that it was the development taking place in the Empire itself that made that increase of trade possible.

POSSIBILITIES OF THE FUTURE

Difficult as the position is to-day, I feel that, in the light of those two lessons, we may look to the future with hope. The resources of the British Empire are as great as those of the United States. You and we are equally anxious to develop them, and I do not believe that together we are less capable of realising a development comparable with that which has taken place in America. We are all of us anxious to do the greatest possible amount of trade together. You need, for the development of your great territories, population and capital. As Adam Smith (who was a much better Imperialist than is sometimes supposed) said, "What encourages the progress of population and improvement, encourages that of real wealth and greatness." And, on our part, our needs are complementary. Indeed, in the fulness of time, these problems would work themselves out. Population and capital would come to the Dominions; the resources of the Colonies would be developed. But now is the time of our greatest need. Now particularly is the time when the Empire is thrown back on its own resources. Can we not anticipate its development? That surely is the problem which we have to study in its various aspects. And I would observe that such a policy of anticipation is no artificial or uneconomic specific. On the contrary; if in the years immediately in front of us we can follow a bold and businesslike policy of accelerating the development of the Empire and its resources, we shall find immediate relief in our present difficulties, and we shall bring about a greater and quicker increase in the wealth and strength of all parts of the Empire. The various items which we have agreed in the telegrams which have passed between us, as proper to the Agenda, are, in fact, all of them factors in this problem.

SUGGESTED DRAFT AGENDA

As regards the Agenda itself, we thought it would meet the convenience of the Conference, if we prepared for your consideration a draft, which attempted to embody in an ordered sequence the various subjects which have already been proposed for discussion in the telegrams interchanged. Accordingly, I have circulated the draft, which you have received, in the hope that it may facilitate our preliminary discussion on the order of business.

OVERSEA SETTLEMENT

The majority of subjects appear to fall into three broad classes. First and foremost there is Empire Settlement. Settlement is at once a great objective in itself and an indispensable means to the development of Imperial resources. Settlement on the largest scale possible is as important to this country as it is to the Dominions. It is often said that Great Britain has become over-industrialized. Certainly, if that is not yet true, it is in danger of becoming so in the future. The problem of the adjustment of population, industrially and agriculturally, can only be solved if we treat it as an Imperial problem. And what better aim can we have than to open ever wider in the future for our growing population avenues of opportunity and freer life among our own kin in the broad space of the Empire? The documents which have been circulated contain a record of what has been accomplished under the Empire Settlement

Act. That Act, itself the outcome of inter-Imperial discussions, has been a real contribution to the solution of the problem, and has established a sound base on which to build. We shall wish to consider in detail how to use the resources of that Act to the best advantage; to discuss with first-hand experience what is the most effective machinery in the Dominions and in this country for assisting Settlement; and to consider how we can improve the methods of selection and training of settlers, their reception, distribution and subsequent care. Are we working on the right lines? Can we use the means which the Act places at our disposal to better advantage? What should be the relation of the Government here to the Dominion Governments and to State Governments within the Dominions in negotiating and operating schemes under the Act? Are there any further steps which you and we can usefully take to accelerate our policy?

FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

Closely allied to the problem of Settlement comes the question of financial co-operation between the Mother Country and the Dominions. The acceleration of development is largely a question of finance. In this country one of the measures (and I think the most sound economically) which we have designed for dealing with unemployment has been the Trade Facilities Act. Under that Act we took power to give a Government guarantee to capital issues for works of different kinds, the contracts for supplies and materials being placed in this country. In this way we have accelerated the putting in hand of sound revenue-producing schemes, such as railway extensions and electrification, which would otherwise have been delayed; and we have thus secured immediate orders for our factories and have speeded up the development of useful undertakings which, in their turn, have provided improved facilities and led to further development. I hope that it may be possible to devise a policy with similar objects in regard to Imperial Development. As I have said, there lies without doubt before the Dominions and the Colonies a period of progressive development. That development is of advantage, immediate and prospective, both to the country developed and to this country. To the country in which the development takes place it brings accretions of population and wealth; to this country it means immediate orders, new openings for emigrants, and an increasing flow of trade in the future. The rate of development in any State is normally limited by its own immediate financial capacity. But if the normal rate of development can be accelerated, that is good policy and good business. The rate at which settlement is possible depends a good deal on the extent to which the necessary public works and public utility services are put in hand. If these initial works can be speeded up, emigration will proceed more rapidly; and as the flow of emigration increases, so increase the development of the resources of the State, its wealth, its capacity to produce, its capacity to trade.

The need and the value of such a policy of speeding up development applies at least as much to the Colonies as to the Dominions; and it is our purpose to pursue this policy in the development of the Colonies. Let me take a concrete example, which indeed applies to both. One of the most pressing problems with which one of our greatest British industries is faced to-day is the supply of sufficient supplies of raw cotton at a reasonable price. There are great tracts of territory within the British Dominions capable of producing cotton of the quality we need; but if these territories are to be developed rapidly and on an adequate scale, large capital expenditure is necessary on transport and irrigation. The more rapid the development the better. As quickly as the cotton can be grown and transported, it will be absorbed; and the territories so developed become sellers of a commodity we here badly need, and increasing purchasers of goods within the Empire.

Given the resources which undoubtedly exist; given the wisdom no less than the desire of purchasing as much as we can of our supplies within the Empire; given the impelling need for all of us to develop an increasing mutual trade under stable conditions: I think we must be convinced that we should give careful consideration to the whole question of accelerating the development of our Imperial resources, and endeavour to work out a businesslike scheme of credit facilities and financial co-operation, in the responsibility for which we should share, and which will be to our mutual advantage.

IMPERIAL PREFERENCE

Concurrently, we are anxious to consider the analogous question of Imperial Preference. We in this country are fully alive to, and keenly appreciative of, the value of the preferences which we have received under your tariffs. And on our part, we have definitely established the principle of Imperial Preference in our own more limited fiscal system. We wish to apply that principle, within the scope which is practicable for us, so as to stimulate still further the development of Imperial products and Imperial resources. Any increase which it is possible for you to make in the rate of preference will be of real value to us, and will the more enable us to buy from you. In this matter again we shall speak together frankly. We can expose to each other fully and frankly our desires and our difficulties. Indeed, any other form of discussion would be useless. On our part, we shall certainly approach the question of Preference with a strong desire to increase our mutual trade, ready and willing to take what action is possible for us and of value to other parts of the Empire to secure that end.

In addition to the broad questions of Settlement, Financial Co-operation and Preference, there must arise for our consideration a number of subjects in all of which it should be possible for us to do something practical for the improvement of inter-Imperial trade. Within this sphere a number of subjects have been placed on the Agenda, following the suggestions made by our respective Governments in the telegrams which we have exchanged.

IMPERIAL COMMUNICATIONS

Imperial Communications have always rightly been a subject of discussion at our Conferences. A previous Conference established the Imperial Shipping Committee. We shall have the opportunity of considering the valuable work which it has accomplished, and which is set out in its Reports. I would refer particularly to the proposal for the establishment of an Airship Service to Egypt and India, a proposal designed on the commercial side to secure an acceleration in the mail service, on which so much insistence has been laid in the past and with regard to which we have already taken action. Again there are the steps which have been taken to secure unification in the Rules relating to Bills of Lading, following upon the original proposals of an earlier Imperial Conference. As practical men, we shall, I know, discuss these questions of shipping and communications in a practical way and with due recognition of the economic factors which govern them. It is obvious that cheap and efficient sea services depend on practical considerations; the reasonable certainty of obtaining cargoes on the outward and the homeward voyage; the rates levied in ports and harbours visited; the measure of taxation imposed. And, as we come to review the questions which affect our Imperial Shipping, it will be proper that we should consider what steps we can take to secure the co-operation of our Governments in safeguarding the overseas carrying trade of the Empire against discrimination by foreign countries.

FURTHER STEPS FOR THE IMPROVEMENT OF MUTUAL TRADE

Other subjects designed to improve our mutual trade are: co-operation in commercial intelligence; the facilities accorded to traders in such matters as the free circulation of trade catalogues and samples; the preparation of Imperial economic statistics; the reciprocal enforcement of judgments; co-operation in the registration of patents, designs and trade-marks; the valuation of goods for customs duties; questions of currency and exchange as between the different countries in the Empire; co-operation in technical research; the immunity of State enterprises. We shall also have occasion to consider Imperial policy with regard to the import and export of live stock.

THE NEED FOR A PERMANENT ADVISORY BODY

If we can frame practical proposals and can work out a common and complementary policy on many of these matters, the Conference will have accomplished work of real and lasting value. But I believe that, as the Conference proceeds, as we record our recommendations and work out our policy, we shall feel the need of establishing some machinery by which we can maintain a closer contact on economic questions than has been possible hitherto. We are aiming at a closer policy of inter-Imperial trade and development. We hope, as the result of our deliberations, to take steps, legislative or administrative, which will promote and foster that development. But the policy we seek to pursue will be carried out, not merely by the acts of our Governments, but in the daily work and business, the production and commerce of our people. If we are to pursue our policy to the best advantage, should we not try to establish some advisory or consultative body for consultation and discussion on matters arising out of our policy and the action which we take to give effect to it? Certainly, at this stage I do not seek to dogmatize or to define what form it should take. I have no doubt that a similar idea is present in your minds, and it may well be that you have clearly defined suggestions. But I am sure that it is a problem which we shall feel increasingly deserving of our consideration. There is always some risk that a Conference of this kind may fail somewhat in its purpose, by passing resolutions which are not adequately followed up and made effective. There is perhaps also a risk, having regard to the time at its disposal, that it may become unduly involved in matters of detail. It is, I am sure, our desire and our purpose to avoid both those risks. But the time at our disposal is necessarily limited. The field we have to survey is wide. There are many subjects on which we wish to take action or to make action possible in the future. We wish to achieve definite results, and to lay down lines of policy which will be progressively followed. If therefore we can, as a result of this Conference, take such action as is possible in the immediate future on the important matters which will come before us, and also establish some means of facilitating, both for our Governments and for our producers and traders, the better pursuit of our common aim, the Conference will have fulfilled its purpose.

I think I should interpret aright the powerful speeches delivered yesterday, if I say that the two-fold theme which ran through them all was the vast possibilities that lie within the Empire itself, and the great part which the Empire can play in the appeasement and reconstruction of the world. Wherever we look, the problems of to-day are largely economic problems. And how can the Empire play its part better in its own interest, and in the interest of the whole world, than by developing to the utmost the rich resources that lie within its borders?

SESSIONAL PAPER No. 36

OPENING SPEECH BY MR. MACKENZIE KING

President of the Board of Trade and Gentlemen, the President has referred to some precedents of which mention was made yesterday. Among the number is the precedent that the representative of the senior Dominion is supposed to be the first to take part in the discussion of different questions that may be raised. For that reason I venture to say just a few words following on the very able representation of the proposed work of the Conference to which we have just listened. I regret that my colleagues Mr. Graham and Sir Lomer Gouin are not here to-day. I had hoped that they might have been the ones to speak for Canada; they will be here in a day or two, and no doubt they will then have opportunity of speaking more in detail than I care to at the moment with reference to some of the subjects which have been mentioned.

VALUE OF AN IMPERIAL ECONOMIC CONFERENCE

The thought which at the moment must be uppermost in the minds of all present, having regard to what is represented by this gathering, is the vastness of the inheritance which, as members of the British Empire, it is ours to possess. As we think of the different countries represented here, the extent and variety of their resources, their different populations, we must feel there is a very special obligation and responsibility to ourselves, and through us to the rest of the world, to make the most of what has come to us in the course of years. I cannot think of any phase of work to which a Conference of representatives of the Empire could devote itself to greater advantage than the consideration of the economic needs, and possible economic development, of different parts of the Empire. Here, if anywhere, the advantages of consultation, conference and co-operation must be apparent. There is this happy feature about our work; that whatever is achieved, which may be of advantage to any of the countries concerned—the countries that go to make up our vast Empire—is certain to be of advantage sooner or later to the whole. Similarly, whatever is of advantage to the whole must be of advantage to each of the several parts. I feel, therefore, that above all else, we meet together in a spirit of unity, a spirit of common advantage and opportunity which we enjoy as members of one great family.

GREAT BRITAIN'S POST-WAR TRADE DIFFICULTIES

It will hardly be expected at this stage that much in the way of comment should be made upon the remarks of the President of the Board of Trade. I might, however, say just a word or two by way of observation on what they seem to suggest. It is clear that what at the moment we are seeking to do is to overcome the depression of trade, the dislocation of industry, and other ill-effects of the war. The situation, as far as Britain is concerned, is unquestionably serious in some of its aspects. I think we must all be impressed with this. Being nearer to Continental Europe than any other part of the British Empire, and larger in interests, it is perhaps inevitable that your problems of unemployment and dislocation of trade and industry should, if anything, be greater than they are in other parts; but we all have felt the ill-effects of the war in very considerable measure. Every Dominion, I think, has had its problem of unemployment. Certainly in Canada, within the last few years, we have had problems to cope with very similar to those you have here. I think we are beginning to turn the corner, and that the country is again getting upon its feet. I mention this because it enables us to appreciate more fully perhaps than otherwise would be possible, just the nature and extent of the problems that exist here.

LIMITS OF GOVERNMENT ACTION IN THE ECONOMIC SPHERE

It is well, I think, that at the outset we should reflect a little upon what may be possible, through Government intervention or direction, by way of improving conditions. Governments can do much in some directions, but there are limitations to what Governments can do, and perhaps it is wise that we should not expect too much in too short a time. Time is a necessary factor in all things. Populations cannot be distributed over night, nor can trade find new channels within a day; capital is not likely to seek investment, certainly with the degree of caution which should be exercised, in a very short time; and therefore, it would be well, I think, not to raise undue hopes in any direction as to what may come through Government action. Moreover, I think it well at this time to recall the factors that have made British industry and trade the world over what it is; namely, that it has been individual initiative on the part of labour, on the part of merchants, on the part of manufacturers, on the part of the investors of capital. It is to individual initiative that countries must look even more in the future than they have in the past. The war led to a control of industry by Government, and a direction of industry by Government, to a degree that possibly the circumstances of the occasion may have justified, but to a degree certainly which has provoked to some extent a reaction against too much in the way of Government interference.

WHAT GOVERNMENT CAN DO

Speaking my own view, I cannot but feel that one of the greatest services Government can render to-day is, in so far as may be advisable and possible, to clear the channels of trade and communication of obstructions, of whatever character they may be; to make as free as possible, with due regard to existing conditions, the movement of men and money throughout different parts of the Empire; and wherever an obstacle to closer communication and intercourse and development exists, to do what can be done by way of removing that obstacle. In the course of the proceedings I shall endeavour to point out wherein I think this may be effected to a considerable degree.

CANADIAN ATTITUDE TOWARDS MIGRATION

The President has spoken in particular of two or three outstanding matters to which the Conference should direct its attention; the first was the question of migration within the Empire. Certainly the basis of trade development as the basis of the strength of the Empire will lie in its man-power and in its effective distribution through different parts of the Empire. I would like to say just a word in regard to the Canadian attitude towards immigration. I have gathered that in some quarters an impression has prevailed that we were not receiving, or rather were not anxious to receive, in large numbers, immigrants from other countries, and in particular from the British Isles. Nothing could be further from the truth than an impression of that kind. We had a serious unemployment problem after the war. After demobilization we were spending large sums of money on Unemployment Relief, and had numbers of immigrants come from Britain or elsewhere to Canada while we were dealing with that situation. I feel that the effect of it in the long run would have been to have set back any permanent settlement rather than to have advanced it. Last year we fortunately got through the winter without doing so much in the way of giving relief on the part of the Federal Administration, though some municipalities had to give assistance. I think we are now to the point where we can welcome immigration of the right kind to our country, and certainly no stock could be more welcome than British stock of the kind which has

helped to make our country and our Empire what it is. It is important, however, that regard should be had to the economic situation of the country; to the position of our industries; to what it may be possible for industry normally to absorb. I think it is of importance that labour should have reason to feel that the standards which it has won, and which it has with effort attained, should not be threatened through any excessive immigration. I believe this body can do very much towards working out an arrangement that will ensure the avoidance of the kind of situation that might make the continuous flow of immigration embarrassing.

It is most important that men who are leaving one country and going to another should know where they are going and what they are going to do, and should not become, so to speak, stranded upon their arrival in a new country. Much can be done in Conference here by working out phases of emigration development which will be of advantage alike to the old world and to the new.

EMPIRE'S NEED FOR BRITISH CAPITAL

Men, money and markets are fundamental considerations in our trade and industrial development. We want our own capital—when I say our own I speak now of British capital—capital available for investment in the British Empire; we want it invested in different parts of the British Empire. I should hope that as a result of these discussions the evident advantages of the investment of capital in the different Dominions may be made more and more apparent to the British public. As to markets, certainly, we must seek to develop our markets to the fullest extent possible. The more we can develop them within the British Empire the better.

CANADA'S PREFERENCE POLICY

Perhaps I had better leave the question of Preference for more mature and careful consideration at some sitting of the Conference when that subject will be specially discussed. I should like to say this, however, with regard to trade Preference, that Canada feels not a little pride in the circumstance that she was the pioneer in granting a preference to British goods. At the present time we are giving a preference averaging 33⅓ per cent or more on all goods coming from Britain and also from different parts of the Empire. In the last session of our Parliament, we made a slight additional increase in the preference by undertaking to give a discount of 10 per cent of existing duties on any British goods that came through Canadian ports. We had in mind there development of trade by the "All red" route, but we had also very much in mind the action of the British Government in undertaking to remove the obstacles to the importation of our cattle into the British markets here. Throughout, the Canadian attitude in the matter of Preference has been one of goodwill; it has been based on goodwill; bargaining has not been the basis of it. We have done what we have done believing it would be to our advantage, but believing also that it would be helpful to the countries to which the preference was extended, and especially to the Mother Country; and I would like to repeat that the action we took at our last session in increasing the preference was due primarily—and I can speak with a knowledge of the circumstances which governed it—to the action of the British Government in meeting us, as they did meet us, with respect to an important commodity of trade and commerce. Now that spirit of seeking each other's mutual advantage will, I believe, go further than anything else to help build up the trade and further the industrial development of the Empire.

I am afraid, Mr. President, I have taken longer than I should have, but I would like to repeat that, so far as Canada is concerned, we have come to these Conferences, regarding them as Conferences, with the one motive, which I know is the motive that governs all others who are present, namely, that of doing what we can in the way of advancing the mutual interests of the component parts of the British Empire, believing, as I have already said, that as the strength of the whole is increased, so will become apparent the benefit to each of the parts; in other words, that the well-being of the parts is bound up in the well-being and unity of the whole.

OPENING SPEECH BY MR. MASSEY

I want, Mr. President, before I go on, to express appreciation of the fact that you have convened this Conference for some very important purposes; among them, that of considering how best to get rid of the present difficulties, not only in Britain itself, but also in the Overseas Dominions, and I hope and believe that something effective will be done and agreed upon before we return to our respective countries. You have suggested, Mr. President, that one of the best things to be done in the circumstances, and here I may say I thoroughly agree with you, is to find fresh fields for British enterprise. I quite agree with that.

ABSENCE OF REGULATED MIGRATION IN THE PAST

In the proposals that have been made it seems to me that we must always bear in mind that migration and preference go together whatever form they may take, and there are many forms of preference. The difficulty in this, and I am not finding fault with any one or any Government, because I take my share of the blame as much as anyone else for what has taken place, but the great difficulty at present is this, that the trouble with regard to migration from Britain and settlement overseas was not dealt with at a very much earlier period. What I mean is this. That for many years past, as long as I can remember, there has been a constant stream of migrants from Britain to overseas countries, and I think I am right in saying that very little inducement was given to those migrants to settle in countries under the British flag. The consequence has been that a majority, I believe a very large majority of them, have settled in countries outside the Empire. Consequently they have been lost to the Empire. I do not envy the Governments of the countries where they have settled, but they have been a decided gain to those countries. It is not too late now to stop what has been going on, and I believe that what has already been done by the British Government, backed up by the Dominions overseas, has been to a certain extent effective, but a great deal more requires to be done. You, Mr. President, referred to new areas for development—I know that is not quite the term you used. If a considerable number of those migrants that we have lost had been settled in the new countries of the Empire that await development they would have been customers to-day for the goods manufactured in Britain, and they would also have been able long before this to have supplied part, at all events, of the raw materials required in these islands and part of the foodstuffs necessary for the population of this country. That is the position that we have to look back upon and endeavour to do very much better for the future. Now so far as the oversea countries are concerned; there they are, many of them, with a very sparse population, and I am thinking not only of the Dominions, but of the Colonies, with a very sparse European population and producing very little indeed compared with what they ought to produce, and carrying only a very small population compared with what I believe they will carry in the years to come.

POSSIBILITIES OF INCREASED PRODUCTION IN CANADA, AUSTRALIA AND NEW ZEALAND

We have had an interesting speech from the Prime Minister of Canada. Take the export in which his country is particularly concerned. I take it that the principal export form Canada is wheat. At all events I know enough of Canada to know that very large areas of wheat are grown there, and that they have millions of acres untouched which will grow wheat in the future, and already the export from Canada to other countries, and particularly to Britain, is very large. Now Canada can make a tremendous increase in her wheat production, I know that from observation. There is no question about that. They can also go on improving and increasing their exports in connection with other products. Take Australia—I am dealing with the larger overseas Dominions in turn—for instance; Australia's principal export is probably wool. She exports meat very largely. She also exports dairy produce and minerals. Now in connection with all these things—I am not quite certain as to the minerals -but I know perfectly well that the export of meat, dairy produce and wool from Australia can be very greatly increased. There is no question about that. Food has to be found for stock, but even if it means cultivation it is labour that will pay for doing. Once we get a reasonable margin between the cost of production and the amount which the products will realise in the markets of the world, particularly Britain, then production will go ahead. Take my own country, which is small and young compared with Australia and Canada, but still on the whole making very satisfactory progress. I know there are people—some of our own friends, for instance—who say we are not making sufficient progress, but we have to remember that we came through a war which practically lasted for five or six years, longer than that if we take the aftermath of the war, and I want to call your attention to what was the case say ten years ago when my friend on the right was a member of the Government. At that time the exports from New Zealand amounted to approximately £23,000,000. In spite of the difficulties arising out of the war and matters connected therewith, our exports for the last producing year, ended the 30th June, amounted to over £47,000,000; that is to say, that they have more than doubled in ten years. Our imports for the last producing year amounted to £41,000,000. By calculation per head we are probably one of Britain's best customers, but during the war period, it must be admitted—and I think it is well known to all the representatives of the different British countries who are here to-day—that during the war Britain was not able to supply us with many of our requirements which consequently had to be obtained in other markets, and once we go to other markets for what we need it takes a little time to get trade back. That is the process we are going through in New Zealand. Speaking from memory, I believe our imports from Britain last year amounted approximately to £20,000,000; that is to say, as our exports go up our imports go up accordingly. I want also to call your attention to the fact that most of our imports came from Britain; probably Canada had a good share, and I think the United States to a certain extent; but New Zealand gives preference not only to Britain itself, but to other British countries as well, and Canada having a frontage to the Pacific, if I may use the term, is looked upon as one of our neighbours. Canada sends us some of her products, whilst we send Canada some of our products and the arrangement is a mutually satisfactory one. I give that as an instance of what can be done. I am not boasting of it. I am simply stating what has been done in New Zealand can be done in the other countries of the Empire. New Zealand is rapidly becoming the dairy farm of the Empire.

INCREASED EXPORT OF DAIRY PRODUCE FROM NEW ZEALAND

The development in connection with dairy products, butter and cheese, since the war, has amazed me, and I have been watching it very closely, as all those present here will understand. Last year we exported from New Zealand nearly £17,000,000 worth of dairy produce. I believe no other country in the world exported so much, certainly no other country exported so much to Britain, and we can go on increasing. The climate of the Dominion is particularly suitable for dairy farming, particularly in the North Island, and even in the South Island, where the climate is more like Scotland and England, dairy farming is developing and to-day dairy produce is our principal export. Until just recently wool was our principal export. If the development in the dairy industry goes on, we shall be able to export a great deal more in the future than we have exported up to the present. We cannot expect every season to be particularly good, and the last two have been exceptionally good. I should like to think the spring season that is now opening in New Zealand will be as good as the last two. I sincerely hope it will be. There are two or three causes for the development that has taken place, the suitability of the climate and the fact that we are developing hydro-electricity in many parts of the Dominion. Farmers, local bodies and private enterprise are utilizing the hydro-electricity. The farmers are making use of it, and now there are many hundreds of dairy farmers, the motor power for whose operations is supplied by hydro-electricity. Naturally, of course, we want as much encouragement as we can possibly get. Now I come to other matters.

EFFECT ON EMPIRE PRODUCTION OF PREFERENCE GRANTED BY GREAT BRITAIN

I have been connected with the movement for Empire Preference for quite a long time past. The subject was discussed at great length at the first Imperial Conference at which I was present in 1917. The proposals then met with favourable consideration from Ministers who were in office. The result was that the principle of Empire Preference was affirmed; and brought before Parliament I think by Mr. Bonar Law, who at that time was Chancellor of the Exchequer. The principle was agreed to, and Empire Preference has been given in the case of certain very important commodities. I am glad that the principle was affirmed and that these industries are benefiting by what took place. I am thinking particularly of sugar. Now I do not need to remind the members present of what the position was so far as the sugar supply was concerned at the time war broke out. The price of sugar soared and it was almost impossible to obtain. I was in England for some months at that time, but there was practically no sugar, and what little was obtainable was of very poor quality. The British people have had their lesson so far as the production of sugar is concerned and now I am glad to think that our planters in the West Indies have again taken up their old calling and that the output of sugar from the sugar producing countries of the Empire has very greatly increased. In consequence the importation of sugar from foreign countries has fallen off. The same with tea. The British Parliament have given a preference on tea. They have also given a preference on wines and some other commodities. I am thinking only of the more important matters, and in each case the result has been exceedingly satisfactory. A beginning has been made and it will be for this Conference to advise the British Government as to what we think should be done. We are not going to suggest anything unreasonable. I speak for myself and I believe I express the opinion of my colleagues from overseas when I say that. It is for the British Government to take the initiative and I hope they will do so, but I want to say here that we do not want

and do not intend in any proposal that we may make, to increase the price of food to the consumers in Britain. If so, then there must be a compensating interest in the opposite direction.

EMPIRE SUGAR REQUIREMENTS CAN BE MET FROM EMPIRE SOURCES

I have had to deal with the supply of sugar for New Zealand in my capacity as Finance Minister, and I know that sugar can be produced in a number of countries, even in the South Pacific. For a number of years, certainly ever since the war broke out, New Zealand has purchased from the Colonial Sugar Company sugar produced on their lands at Fiji to the extent of 60,000 tons per annum. There has been some trouble at Fiji I am sorry to say, though I think only temporary. The labour for sugar production at Fiji is obtained from India, and there has been trouble among the Indian labourers. A good many of them went back to their own country, but I have heard from Fiji that many of these men are coming back to their old occupation, and there is no reason why they should not be paid fair wages for their work. I think that the people at Fiji and the Company—it is an Australian Company largely—I think they are quite satisfied to pay them ordinary wages for ordinary labour. I have mentioned Fiji because it is one of our neighbours in the Pacific. It is practically the nearest British Country to New Zealand. There are other countries, of course, Tahiti, for instance, which belongs to France, but they are producing sugar there and much of the capital is found by British capitalists. I was rather interested in that. I am not finding fault with it because I believe in enterprise, even if it is not in a British country, so long as British people are associated with it. I was informed that the capital was being found by British people. New Zealand controls some islands in the Pacific; whether they can produce sugar I am not in a position to say, but there is an instance of what can be done. There is no question about it to my mind but that we can produce within the Empire all and a great deal more than the quantity of sugar required by the population of the Empire.

EMPIRE COTTON GROWING

Cotton has been referred to, but I am not actually clear about what our position is in Egypt. I will say this: that so far as it is possible for me to judge matters from an outside point of view, the cultivation of cotton in Egypt is increasing, and increasing very rapidly. There are other places in the Empire where cotton can be grown. They are commencing to grow cotton in Northern Australia and in Queensland, and the reports are very good indeed. If we can grow cotton in sufficient quantities for our own population it will be a very fine thing to do. I have given some instances of what is possible.

LAND SETTLEMENT IN NEW ZEALAND

There are the lands waiting to be cultivated by industrious people, lands already occupied to some extent by our own people, and where, in most cases, emigrants from the United Kingdom will be welcome. I have indicated that in New Zealand we have not huge areas of unoccupied land as in other countries, and therefore we are not able to offer lands on the same terms; but I will say this for New Zealand, we are never going to turn our backs upon our fellow citizens from the British Isles. I would just like to add this; I have lived practically all my life in New Zealand, all my connections are there, and my interests, such as they are, are in New Zealand. I have never seen an emigrant come to New Zealand, an industrious and capable man or a man with an industrious family—although he may have difficulties during the first period of his

residence there who did not get on well, and in time become perfectly satisfied with the change that he made. I am looking forward to doing more in the way of Land Settlement in New Zealand. We have been doing a great deal for the returned soldiers, and they have had their difficulties. They took over the land during the boom, when prices were high and the country was prosperous, and everything was going on well in Britain. Then came the slump, which always follows a boom, and, I think, always follows a great war, and these soldier-settlers suffered. The Government had to come to their assistance. We had probably 20,000 of them to assist, and when I say 20,000, I am speaking of assistance that was given to those who settled in the towns and cities and made their homes there, as well as in the country. But we spent 27 millions in assisting our soldiers, and, when the difficulty came, it had to be faced. We did our best to face it, and I think we are getting over the trouble now. The State will lose a little money; I know that perfectly well; but it was no use going on and expecting these men to find a very large amount by way of interest or rent, knowing that in the end there would be very little left for themselves. They have now been given the opportunity, and, in consequence, the Lands Department in New Zealand is giving its time and attention to the business of the soldiers. When that is through we shall be able to prepare more land (I do not say there is none now) for new arrivals from Britain particularly, than has been the case in the past. If we are going to be successful in getting out of this depression, which I have been disappointed to find is more serious in Britain than I expected, if we are going to be successful in getting rid of it in the not too distant future, then we shall have to work together—the Dominions and Overseas countries and Great Britain—better and more closely than ever we have done in the past.

GREAT BRITAIN NEW ZEALAND'S PRINCIPAL MARKET

I hope, Mr. President, I am not taking up too much time, but let me just say this. We realize that Britain is likely to remain the principal market for our products. When depression comes along and the purchasing capacity of Britain is affected, it affects us in the oversea countries of the Empire. Our interests are one and indivisible, and we have got to pull together so far as it is possible for us to do so.

Reference was made by yourself, Mr. President, to the possibility of doing something in the way of improving our communications, but I am not able to follow the good example of the Prime Minister of Canada by saying we have no grievance. It is a very small grievance, and we appreciate all that has been done for us by the British Government and the British people, but there is one matter that has caused a certain amount of irritation, and it is not to be wondered at. Tenders were asked some time ago for supplies of meat, I think principally beef, for the Army and Navy. The contract went to a country outside the Empire, and our people naturally turned to me and said, "That is what your British Government is doing—is that the way to treat us?" I think even if it cost a little more, the overseas countries of the Empire should have first consideration. We can produce the quantity, there is no doubt about that. It will surprise many members sitting round this table to-day when I say that New Zealand sends more lamb and mutton into Britain than all the other countries put together, and again I say the quantity can be increased. I have ventilated my little grievance, and I hope it will not be forgotten when an opportunity offers to put matters right.

NEED FOR IMPROVEMENT IN IMPERIAL COMMUNICATIONS

Now as to Communications; I notice in the Schedule that has been supplied to representatives of the countries overseas that some stress is placed upon the

improvement in what may be called Inter-Empire Communications, and I agree that it is absolutely necessary. I am not quite certain that I am very optimistic about the possibilities of airship communications. I do not say that it will not be possible to carry mails and passengers, but I am afraid we shall have to wait a long time before we see an airship coming to England loaded with, say, wool or cotton, or any of the bulky commodities of which you require large quantities in this country. I do not want to throw cold water on any proposal that may be put forward. I know that aviation has come to stay, and that it is possible for very great development to take place; I know that perfectly well, and, as far as I am concerned, while I say I am not perfectly optimistic with regard to the larger variety of airships, I do want to see the means of communications improved. I beg to call attention to my own experience in coming from New Zealand to Britain on this occasion. Generally the journey has taken very nearly forty days, sometimes more than that. I have, on a previous occasion, been forty-seven days coming from New Zealand to Great Britain; that was during the war period, and there were delays on that account; but this time I came to Britain from New Zealand in twenty-seven and a half travelling days. It can be done again; it can be done through Canada as well, I am quite satisfied of that. There will be new steamers in the Pacific before very long; but even then we want to shorten the distance as much as we can; we cannot shorten the mileage. It will be a very fine thing of we are able to shorten the time occupied in carrying mails and passengers from one country to another, and I want to call the attention of the British Post Office to this point. There is considerable improvement possible so far as the handling of mails between Australia and New Zealand on the one side, and Britain on the other, is concerned. There has been much waste of time; that is another little grievance, but I take the opportunity that I do not often get of ventilating my difficulties, and I do not think I shall be blamed for so doing. In connection with Wireless telegraphy I believe there are tremendous possibilities, and I trust that the time will come when the Prime Minister in Great Britain will be able to sit in his office and communicate by wireless with the Prime Minister of New Zealand, and possibly the publicity which we are afraid of at the present time may be avoided.

EMPIRE AND CURRENCY EXCHANGE

There is a point mentioned in the Agenda to which I have been giving some thought, and so also has my colleague who is with me to-day. That is the matter of Empire Currency Exchange. There have been very serious complaints, and, as far as my own country is concerned, most of those complaints have come to me with regard to the very large sum of money which the exchanges have cost between the two countries doing business, that is to say, between New Zealand and Britain. We have got into a better position now and I hope it will continue to improve, but if we can do anything in this Conference to provide something that will take the place of gold, so far as currency is concerned, between the two countries, then we shall have done something which I believe will be of very great benefit. I know it is not so bad as it was.

In a recent transaction where I was forwarding money to Britain I may mention that instead of having to pay the Exchange I got a premium on it, but, of course, that is not always the case. I have no doubt that this matter will be given very serious consideration later on. I do not know that I should go further at present than ask for a Commission of experts to go into this question, but if that is done it will be a step in the right direction.

TEACHING OF BRITISH EMPIRE HISTORY

There is just one other point I want to touch upon and it really does not come under the heading of the economic position, but it is to my mind of very great importance. It is under the heading of Education, and it suggests that

practical steps should be taken to encourage the teaching of the history of the British Empire throughout the Empire. I have no hesitation in saying that is a subject that has been grossly neglected in almost every part of the Empire. We are doing a little more at present than we have done up to the last few years, but even then there is plenty of room for improvement still. I believe that every child of British parents should be taught the history of his country and his Empire; it is not a thing to be ashamed of, it is a history to be proud of, and, in teaching our national history, we should be teaching patriotism and doing a very great deal of good for the future population of the Empire. I ought to apologise for speaking so long and I know that other opportunities will offer, but the matters brought up to-day are of great importance and, if the Conference does nothing more than bring about improvement in these matters, then it will be worth coming from the ends of the earth to attend it.

OPENING SPEECH BY GENERAL SMUTS

Mr. President, my colleague the Minister of Finance, Mr. Burton, will be the principal representative of South Africa at this Economic Conference, and he may wish to make some remarks to you to-day; but I should like before he speaks to make some general observations which may suitably come from me. I wish, in the first place, to express to you the very great interest with which I have listened to the full and lucid statement that you have made of the position which we have to deal with. I am sure that the very welcome indications that you have given of the trend of British policy will be helpful to this Conference, and will enable us to make this a really fruitful Conference. I am sure that we have a great opportunity at present; we have not only passed through the war, we have passed through the difficult period which has followed the war, and we are in a position now to go ahead in the development of the Empire. We have an enormous estate which is very largely undeveloped, and we would be rendering not only a great service to the Empire and to its various component parts, but to the whole world, if we develop this great estate which has been entrusted to our care.

NO ATTACK ON BRITISH FISCAL POLICY

There seems to be an impression abroad in certain quarters that the Dominions have come to this Conference to make a concerted attack on the settled fiscal policy of this country. Now let me say at once, speaking on behalf of South Africa, that I know nothing of any such conspiracy. There is no such intention to launch an attack upon your fiscal policy. We are leaving the British Government a completely free hand to settle the fiscal policy of their own country as they have always done hitherto. We respect your freedom of action, and in return, we also claim, and I think you will concede rightly claim, complete freedom of economic action so far as we are concerned. The Dominions first attained their independence in the fiscal sense. Our fiscal independence was the first real victory we scored in our old colonial development and we value it very highly. We have always settled our own fiscal policy, and we come here, so far as South Africa at any rate is concerned, in no spirit of making any surrender of what we have got, in no spirit of bargaining away rights that we have or trying to induce you to bargain away rights that you have. We come here in a spirit of mutual consultation, to see how we can best, by meeting each others point of view, develop the trade of the Empire to the fullest extent. That is the spirit in which we come here, respecting your policy and claiming respect for our policy, our freedom of action in developing our various countries to the utmost possible extent.

We in South Africa are in this position, as no doubt many other portions of the Empire also are, that although the British market is, and remains, far and away our most important market, it is not our only market. We have other fairly important markets also, and with the trade difficulties which exist all over the world—shortage of markets, over-production of raw amterials of certain kinds—we naturally are very anxious to retain our freedom of action in developing our markets in other countries also as far as possible.

Now Mr. President, I have said that I think we have a great opportunity at present in developing the resources of the Empire. But necessity is also laid on us and on you to prosecute this development and to reconsider our old policies.

AMERICAN ECONOMIC POLICY NECESSITATES EMPIRE DEVELOPMENT

The assumption of the American debt seems to me to be an event which is bound to call for reconsideration of many of your old policies. The United States of America have not only erected a high tariff wall round their frontiers and debarred many of our products from going to her, but she now claims, and rightly claims, payment of a very large amount of money annually from this country.

The necessity under those circumstances is forced upon this country to develop the Empire as far as possible, to turn its attention to those portions of the Empire especially which are capable of great development and of producing those articles which in great quantity you still take from America. You, Mr. Chairman, have mentioned the matter of cotton. Cotton is a raw material which in largest quantity we still take from the United States. But that is not the only raw material we take from her; she supplies us not only with cotton, but very largely with copper, and very largely with tobacco; in fact, she has supplied us, and still continues to supply us, with a very large number of different raw materials which the Empire is perfectly capable of producing if properly developed. Mr. Massey has spoken with very great force and conviction of what has been done in New Zealand.

ECONOMIC POSSIBILITIES OF AFRICAN CONTINENT

I wish to turn your attention for a moment to another side of the Empire – to the African continent. The African continent is, more than any other, a British continent. With the exception of certain important parts held by France and Belgium and Portugal, practically the whole African continent is a portion of the British Empire. It is capable of producing practically everything which you want by way of raw material. It is said to contain the biggest copper fields in the world. It is capable of producing all the cotton which this great country will need for its industries. It is certainly capable of producing most of the tobacco you want, and the development of this enormous African asset which belongs to the Empire is, I think, a task to which more than ever before you and we should have to turn attention in the years to come. There is a whole continent to develop. It contains all sorts of climate; it contains all sorts of resources in great abundance. It has been very largely neglected, and I am sure that if we go in for a settled policy of developing our great undeveloped African estate and producing those things which we are capable of producing we shall go far also in providing the means with which to pay off that enormous American liability which hangs like a millstone round your neck.

SKILLED LABOUR AND CAPITAL REQUIRED

I speak from the African point of view, and the African point of view is a peculiar one in regard to a number of the questions which have been raised here to-day. Take the question of migration, of settlement. There again

Africa has its own peculiar angle for the consideration of its problems. We have a very large un-skilled native population which does the rough work necessary for the developemnt of the continent, and, when we come to discuss questions of settlement, so far as South Africa and other portions of Africa are concerned, we are at once met with the fact that the ordinary immigrant, unprovided with skill or capital, is not wanted in Africa. The work that he does in other continents is done in Africa by the native population. When we come, therefore, to deal with this question of settlement, so far as South Africa and the other portions of Africa are concerned, we have to bear in mind that the sort of immigrant we want in South Africa is different—a man of skill, a man of very special training, a man of the overseer type, a man of the skilled artisan type, or a man with a certain amount of capital, however small. That is the man we want, and not the ordinary unskilled labourer that the other portions of the British Empire claim in such large numbers for their rough work. What we want especially is capital. The resources are there, in South Africa and all over the continent in so far as it belongs to this country—the resources are there, but it requires capital for their exploitation, and I hope that during the course of this Conference, and in the discussions we may have outside this Conference it may be possible to shape some general Imperial policy of developing that great asset which I am sure is going to repay, and amply repay, whatever capital the people of this country and the Government of this country may be prepared to put into it.

ADDITIONAL BRITISH PREFERENCES TO DOMINIONS WILL AID EMPIRE DEVELOPMENT

With regard to Preference, let me say this. I have said that we do not want to bargain. We gave, many years ago, in South Africa a preference to British products and we claimed nothing in return. That has been our attitude and that remains our attitude. We are not going to bargain and you are going to be free agents in whatever you are going to do. But we appreciate very much what has already been done by you in the direction of Preference, and I am sure that, without departing from the settled fiscal policy of this country of not imposing duties either on essential raw materials or essential foodstuffs, it is quite possible for you to give the Dominions such additional preference on a number of articles that there will be a tremendous development of Empire resources. You cannot fairly claim that the Dominions should in very large numbers take immigrants from these Islands and at the same time refuse to help the Dominions in taking the produce of the work of their hands. The two policies go hand in hand, and I am sure that without any inroad on your existing fiscal policy you can so shape your course and give such preferences in future as will very much facilitate this work of migration and of Empire development.

SOUTH AFRICA PREPARED TO RESHAPE HER FISCAL POLICY FOR GREATER COMMON ADVANTAGE

So far as we in South Africa are concerned, our policy has been to give a general percentage preference in our Customs system in favour of British products. It has been a general percentage extended to practically all articles. We are quite prepared to reshape our policy in such a way as to be more beneficial both to the South African consumer and to the British producer. It is quite possible to give, instead of this general percentage preference, specific preferences and thereby increase the existing preference on those articles which are of greater importance to your producers. In that way I think we shall be able to meet you fairly. And we are also willing to consult with you in regard to those items which are of special importance to your industries. I think a consultation like that will supply us with guidance in shaping our policy when

we come to deal with our tariff. It is not only with regard to Great Britain that the question is important; we have important trade relations also with the other Dominions, and I hope that use will be made of this opportunity to discuss with our colleagues from the other Dominions what can be done in order to facilitate trade and exchange with them to. We take, for instance, a great deal of stuff from Canada. Canada is a great exporter to South Africa, and I hope it may be possible, not only with regard to Canada, but also with regard to Australia and New Zealand and other portions of the Empire, to make arrangements which will be mutually beneficial and helpful in fostering inter-Empire trade.

IMPROVED COMMUNICTIONS AN ESSENTIAL NEED

I only wish to make one further remark. You have referred to the question of communications. I have seen with great pleasure that the British Government has, of its own motion, embarked on a policy of improved communications. The airship policy which we discussed a couple of years ago was then abandoned under the stress of the anti-waste policy—I might almost say the anti-waste "stunt"—which was then raging in this country. You have come back to the ideas which we discussed at that last Conference and the British Government is going forward with their airship policy. The question of communications is probably the most important of all for the British Empire. One may adapt a legal phrase and say that communications are of the essence of our Empire, and unless we succeed in solving some of the more urgent problems of communications—more rapid and cheaper communications—it will be almost impossible in the future to hold together this vast Empire scattered over the whole globe. The Empire is developing in all its constituent parts to such an extent that unless we can solve this problem of communications the machinery for working this Empire will fail. At any rate that is what I am afraid of, and I hope, therefore, that the lead you have given will be followed up, that we shall continually give attention to this difficult problem, and that in the end our inter-Imperial communications will be such as to make not only Governmental consultation, but every other process of communication and consultation with each other much easier and more rapid than it is at present.

ADVANTAGE OF A PERMANENT CONSULTATIVE BODY DOUBTFUL

I notice that you have referred to the question of further machinery, consultative machinery to be established to carry out the policies which may be recommended here. Personally I am somewhat doubtful about machinery. This Empire works so well without machinery. The spirit is so strong, the spirit has carried us so far—the spirit of goodwill and co-operation—that I am always somewhat diffident to tie us up with machinery of any kind which may be misunderstood and which may become the subject of debate in other portions of the Empire. However, I await the details of the proposals you will lay before us, and we shall then consider what we can do. My hope is that this will be a fruitful Conference. The opportunity is great, and the atmosphere is good. There is indeed a great psychological opportunity for marking a step forward in the business development of the Empire, and I hope that that opportunity will be utilised to the full in the few weeks we shall be together here.

OPENING SPEECH BY MR. McGRATH

This, as you are aware, is the first occasion on which Ireland has been represented at an Imperial Economic Conference, free to present our own opinions and safeguard our own special interests. Those of us who are in charge of the responsibility for the economic well-being of the Irish Free State, lacking, as we do, the experience and knowledge of the representatives of other countries represented here, must take a modest, if an attentive, part in the deliberations of this Conference. Many of the items to be discussed are of great importance to our country, but it will be appreciated, I am sure, that less than a year has elapsed since the establishment of our State. During that brief period we have had to take over and adapt all the machinery of government, to initiate the collection and the examination of all the detailed particulars with which the delegates of this Conference should be familiar, and to deal with the other issues with which this Conference will not be concerned and to which I need not further refer. In consequence, neither the people nor the Government have had sufficient opportunity to examine the economic situation of our country in all its aspects and to determine a policy for the future. We are engaged upon these matters at the present time and will be so engaged during the coming year. On the present occasion we propose to hear the views of the other Delegates, to take part in the discussion of subjects in which we feel we can legitimately assist, and on other subjects to keep an open mind, learning from the deliberations how best we can improve our economic relations with the other nations here represented. We will then return to our country so that, in consultation with our own people, through their representatives in the Dail and through the associations directly concerned in economic matters, we may work out our policy for the well-being and prosperity of the Irish Free State and for the development of its economic intercourse, to our mutual advantage, with the nations whose representatives I have the pleasure of addressing.

OPENING SPEECH BY MR. WARREN

Mr. President, my Lords and Gentlemen, as the hour is progressing I do not propose at this moment to go into any details as far as our participation in this Conference is concerned. I am reminded of an axiom that sentiment and business cannot go together profitably. I do not think that axiom can be applied in this particular case, because I am firmly convinced that this business, combined with Imperial sentiment, will lead to very, very good results and much more business.

NEWFOUNDLAND'S BENEFIT FROM TRADE FACILITIES ACT

Mr. President, I want to take this opportunity of expressing the gratification of the people of Newfoundland to the British Government for giving us an opportunity of availing ourselves of the privileges of your Trade Facilities Act. That Act has had a marked effect on our local productions in Newfoundland and has given us such a start in the development of our water powers that I do not think that we shall in the future look back with any feelings other than those of satisfaction at the undertaking. The introduction of capital, as has already been pointed out by those who have preceded me, is very necessary. Under that Act we obtained all the capital we wanted. We are now starting fresh industries of a similar nature as the result of your Trade Facilities Act. England is not one of our markets, but we have products which you can buy. Later on during the Conference I propose to point out some of these to you.

In conclusion, Mr. President, I would like to emphasize one point that you made, and it is this: I do hope that any resolutions that are passed by this Conference will be translated into action.

SESSIONAL PAPER No. 36

OPENING SPEECH BY MR. INNES

I am very grateful for this opportunity of saying, on behalf of India, a few words at the opening of this very important Conference.

SPECIAL CHARACTER OF CONFERENCE

There have been Imperial Conferences before and these Conferences have passed important resolutions on economic subjects. But this Conference has a special character of its own. It has been summoned definitely for the purpose of considering economic questions. All of us who will take part in the discussion of these questions have some special connection with the trade of the country we represent. It is our ordinary day to day business to watch the movement of our country's trade, to try to disentangle the causes which make for prosperity or depression, to study the distribution of trade and to do our best to ascertain why the channels sometimes flow freely, sometimes are sluggish, and why they tend from time to time to alter their direction. And since we devote so much time to study of this kind, I am sure that there is not one of us who does not realise the difficulty of the problem. The main and more superficial factors are usually plain enough. But in the vast complex system of international trade, there is the interplay of innumerable factors, many of them very obscure, and most of us know, probably by bitter experience, how difficult it is to forecast the effect of any action in regard to trade which a Government may take. Reactions are apt to be set up, often in the most unexpected quarters, and long views are necessary. For the action which seems wise at the moment may prove to be the reverse when its full effects have had time to declare them. All these are commonplaces, of course. But it is just because we are so familiar with considerations of this kind that the conclusions of this Conference should be so valuable. Further, the considerations I have mentioned necessarily appeal with special force to those of us who are connected with the Government of India.

POSITION OF THE GOVERNMENT OF INDIA

In India, until quite recently, the Executive Government was solely responsible for any action it might take, and its responsibility therefore was peculiarly heavy. Now we have made a considerable constitutional advance, and I am glad to say that the Executive Government is assisted by a Legislature which is mostly elected and which has large powers. To that extent the load of our responsibility is lightened. But even so, everyone will recognise that a special measure of responsibility rests upon the Executive Government which still does not depend for its existence on the will of the people as expressed by a legislature elected by the people. I take it that in our deliberations on every subject each of us will have to consider first what is in the economic interest of the country he represents. We shall then have to consider the interests of the Empire as a whole and how far the interests of our country can be brought into accord with the general interest. And always it will be necessary to bear in mind what is politically possible in our own countries. Interests of course do not always coincide. That would be too much to expect in so far-flung and so diverse an Empire. But I look for nothing but good from a frank interchange of views, informed, as they will be, by a sense of our common ties, and, as far as India is concerned, I can assure you, Sir, and the Conference, that we are here with every desire to help.

GENERAL ECONOMIC OUTLOOK

I need not state the problem. You, Sir, have already done that. Behind all our discussion stands the spectre of Europe, particularly of Central and Eastern Europe. In large areas of Europe, formerly among the most prosperous of the world, we see the exchanges disorganized, credit impaired, purchasing power reduced, and the whole mechanism of modern trade gravely injured. That is one side of the picture. On the other side we have great countries intact, or almost intact, willing and able to produce and sell, some their manufactures, some their raw materials. They are suffering from loss of markets, and they are unable to buy as much as they did before the war because they cannot sell so much. That is the trouble. We are all suffering from it in a greater or less degree, but I think that we are all agreed that the country which is suffering most is that country to which we all owe so much, namely, Great Britain. Every one must look with sympathy upon her appalling unemployment problem. Every one must admire the way in which she has tackled the enormous economic difficulties bequeathed to her by the war. Personally, I have had a good deal to do in the last two years with the purchase of railway and other material for India. I have been astonished at the way British manufacturers have brought their costs of production down. They could not have done it without the co-operation of their workmen. They are having a hard struggle, but since British capital and British labour have shown such determination to overcome the difficulties with which they are confronted, I have no fear myself but that they will win through.

EFFECT OF WAR ON INDIA'S TRADE AND FINANCE

With your permission, Sir, I should like now to make a few general remarks about India's trade and about the effect which the war and the aftermath of war have had on that trade and on India's financial position. Generally speaking, it may be said that India imports mainly manufactured goods and exports mainly raw materials and foodstuffs. Our imports come mainly from the United Kingdom, and our exports—and this is a fact which in India we have always to bear in mind—go mainly to foreign countries. Last year 60 per cent of our exports, which in normal times greatly exceed our imports, went to foreign countries, only 22 per cent to the United Kingdom. Our total import and export trade has averaged in value in the last three years £366 millions per annum. The figure is large, but it is inflated by the rise in prices, and when we revalued our trade at the prices prevailing in 1913-14 we found that in volume it had retrograded. The real loss in 1921-22 compared with 1913-14 was no less than 28 per cent. Thanks to the war and the disorganisation caused by the war, we sell less and therefore we buy less. This decrease of trade hits us in many ways. It affects most of our sources of revenue—our customs, our income tax and our railway receipts. The war again, and the great increase of prices which followed it, enormously increased the cost of the Administration, and at the same time it left us faced with the necessity of incurring heavy expenditure in order to restore our railways and other public services to efficiency. Taxation has been increased to an extent which a few years ago would not have been thought possible. Nevertheless for five years in succession we were unable to balance our budgets. The aggregate deficits indeed in these five years amounted to more than £66 million sterling—a gigantic sum for so poor a country. I think I may claim that India has tackled her problem boldly. We have taken as our text the dictum of the International Conference at Genoa in April 1922 that one of the essential requisites of economic reconstruction is a balanced budget. As I have said, we have increased taxation, and in many of our import duties I think that we have reached the limit of productiveness. With the help

of Lord Incheape, we have cut down expenditure drastically. Thus for the current year we have been able to balance our budget, and as a result I think I may claim that India's credit stands high.

Private enterprise is engaged in the same painful process of retrenchment and reconstruction. The brief boom which followed the war was a period of unhealthy speculation and company promoting. Many of these companies have already gone under: others are having a hard struggle to keep their heads above water, and there is at present not much inclination in India to put money in new industrial enterprises.

That, Sir, is a brief and very inadequate outline of the effect of the war on India's trade and India's finance. Things are undoubtedly better than they were. There seems every prospect of good crops for the second year in succession, and that is a matter of first importance to the peace and prosperity of India, where two-thirds of the population live on the land. What we want now to set our finances right is a real revival of trade.

POLICY OF DISCRIMINATING PROTECTION RECENTLY ADOPTED IN INDIA

I do not wish in any way to anticipate the discussions of the subjects on the Agenda, but I wish to develop one or two points of a general nature arising out of what I have said. It seems to me that this Conference will not realise its full value unless we understand one another's circumstances and problems.

I have referred to the fact that India at present exports mainly raw materials and foodstuffs, and imports mainly manufactures. I ought to mention that India is not content indefinitely to acquiesce in this position. She has declared recently in favour of a policy of discriminating protection. That is, she proposes to see whether those industries which enjoy a "comparative advantage" in India require protection, and, if so, whether they should be protected. This is not the time to discuss the merits of this policy. I am aware that it has caused some alarm in this country, but if, as we hope, the result of this policy is to increase the wealth and productiveness of India, then, Sir, those who trade with India have nothing to fear. Already that trade is considerable in volume, but it is small in comparison with the size of the country and the population. In India we have 315 millions of the people—roughly one-fifth of the human race, and if only we can raise the standard of living of these millions and increase their capacity to consume goods, India's potentialities as a factor in international trade and as a market are almost limitless.

INDIA BRITAIN'S BEST CUSTOMER

I have already said, Sir, that the course of India's export trade is somewhat special. In 1921, 86 per cent. of New Zealand's exports went to the United Kingdom, 76 per cent. of South Africa's exports and more than half of the exports of Australia. India sends little more than 20 per cent. of her exports to the United Kingdom, and that, as I have said, is a fact which we in India have always to bear in mind. I now wish to bring out a striking fact regarding India's imports. As everyone knows, we make no discrimination in our import duties. At present our tariff is purely a revenue tariff, and it is the same for all. Nevertheless, India is by far Britain's best customer. She takes a greater proportion of her imports from the United Kingdom than any other Dominion. Her imports from Britain in the last three years have averaged annually £129 million sterling. That is, she has bought in this period from the United Kingdom as much as the three great Dominions of Canada, Australia and South Africa combined. It is a noteworthy fact, Sir, that this great trade is the result solely of the millions of British capital spent in India, of long-

established and very perfect trade shipping and banking connections, and of careful study of the requirements of the Indian market. Most of these imports are manufactures, and in spite of the difficulty with which he has to contend, the British manufacturer has practically recovered his pre-war predominance in this part of India's markets. Before the war he supplied 76 per cent. of India's purchases of manufactured articles; in the year ending March last he supplied 73 per cent. And this wonderful result has been attained by what is, after all, the main thing in business, namely, perfect organization and strict attention to economy in production.

NEW DEVELOPMENT SCHEMES

But it may be said, Sir, "That is true—India is already buying much—but cannot she buy more?" I have no difficulty, Sir, in answering that question. I have just explained our financial position and have pointed out that we have recently had drastically to cut down the cost of our administration. But every thinking person in India is agreed that what India wants is a bold constructive programme of development, in order that full use may be made of her great resources. Large sums have been set aside for the rehabilitation of her Railways, and I hope that we may be able to embark on some new construction. On railway material alone we spent last year, almost entirely in this country, more thn 8½ million sterling. Other development schemes are in contemplation, and in one way and another the Government estimated that something like 70 million sterling will be spent on imported stores during the next five years for the railways and the other development schemes. As in the past, so in the future, I have no doubt that the skill and enterprise of the British manufacturer will see to it that the vast bulk of their moneys will be spent in this country.

I have tried to bring out a few points which are of significance from India's point of view, and which I hope are relevant to the deliberations of this Conference, and I will not detain the Conference. I stand for India, of course. We all of us stand for the country we represent. But I have no doubt, sir, that India's interests will be found to coincide very largely with those of this country and of the Empire, and it is with the idea of exploring all possible points of agreement that we are here to-day. I must thank you, sir, and the others present here for giving me so patient a hearing, and I should like cordially to join, on behalf of India, in the hopes that have been expressed of the benefits that will flow from this Conference for our respective countries and for England and the Empire.

OPENING SPEECH BY MR. ORMSBY-GORE

In saying a few words on behalf of the colonies and protectorates, I would like to emphasize the fact that, in so doing, a further new precedent is being set. This is the first occasion in the history of these Conferences that a special representative has been separately detailed to present the views of those other possessions of the British Crown, which, together with Great Britain, the six self-governing dominions and India, make up the complete British Empire.

SIZE AND IMPORTANCE OF COLONIES, PROTECTORATES AND MANDATED TERRITORIES

The colonies, protectorates and mandated territories, in whose name I speak, comprise an area of about two million square miles, and contain a population of over 50 millions. Of these, approximately 40 millions are of African race. With the exception of Gibraltar, Malta, Cyprus, Palestine, Bermuda, and the Falkland Islands, the whole of these territories lie in a belt round the

globe wholly within the tropics of Cancer and Capricorn. Our oldest and most historic colonial possessions, with the single exception of Newfoundland, are in the West Indies. Parallel with them lie the four important West African dependencies, of which Nigeria, with its 20 millions of people, ranks after India and Great Britain as third in population of all the countries of the Empire.

In East and Central Africa we have a continuous belt of territory from the Upper Nile to the Zambesi confided to our direction and development, containing a population of 12 millions. Eastward again we have the Islands of Mauritius, the Seychelles and Ceylon. Then the Malay peninsula and Hong Kong. Eastward again Fiji and the groups of islands in the Southern Pacific.

To Great Britain and the self-governing Dominions that lie within the temperate zones, this belt of tropical possessions is becoming of ever-increasing importance, both as the main and most secure source of supply of essential raw materials, and as a steadily developing market for manufactured goods and those other raw materials and food-stuffs, such as wheat, which are not producible in the tropics.

If we could but increase the production for export of this 50 millions of people by one pound per head we should not only obtain 50 millions more of materials that Great Britain and the Dominions alike require, but at the same time create an additional purchasing power for goods which we in the temperate zones and in our factories can provide.

GROWING NEED FOR MUTUAL ECONOMIC INTER-DEPENDENCE WITHIN THE EMPIRE

An Imperial Economic Conference that merely concerns itself with the economic relations and commerce of Great Britain on the one hand and the self-governing Dominions on the other, would be leaving out of the picture considerations which will grow in importance as the present century advances. The comparatively recent developments of mutual trade between Canada and the West Indies, between New Zealand and Canada with Fiji, are but the first steps of the realization of the need for a more comprehensive imperial vision of our mutual economic inter-dependence.

In Great Britain we are specially alive to the need of becoming less dependent on the United States of America and its dependencies for such essential tropical materials as cotton, sugar and tobacco, at a time when we have to make large annual payments to the United States on account of a debt contracted on behalf of our common effort in the Great War. It is to the interest of the whole Empire that we should all co-operate in developing the vast potential resources of our tropical possessions, human as well as merely material, and that we should not only direct production to the most needed channels, but also do what we can to use within our Empire the varied products of our Empire.

PRODUCTIVE POSSIBILITIES OF THE EMPIRE

In this last connection I was informed only last week that hardly an ounce of the copra of Samoa (now a ward of the Dominion of New Zealand) is shipped to British ports, practically the whole of this immensely valuable raw material being bought in Hamburg and utilized in Germany. We already produce within the Empire the greater part of such materials as rubber, copra, palm oil, palm kernels and cocoa, and it is obviously to our advantage to secure as far as possible for our own populations the profits and employment that can be built on the manufacture of those products. Given the application of capital and trained intelligence we could produce those materials such as cotton, sugar, flax and silk, of which there is either a world shortage, or which are at present in the main produced outside our Empire. Better transport facilities, both

internal and external, better education, both of the skilled direction whether in production or marketing, as well as the training of the actual native producer, are urgently called for. There is a real demand to-day for capital and that spirit of commercial adventure which was formerly so characteristic of the British peoples if our object it to be achieved. If we do not take the opportunity others will step in and reap not possibly a quick profit in the first few years, but a certain profit and secure advantage in the long run.

All that can be done by Governments to stimulate and direct, whether by preference or otherwise, the fuller use of Empire products in the various Empire markets and Empire factories should receive our consideration, and if Governments give this lead it is to be hoped that private enterprise will respond.

Having been chosen to follow your deliberations from the angle of vision of the Crown Colonies and Protectorates and on occasions to submit propositions on their behalf both to the Conference and, in some cases, separately to the Delegations of particular Dominions, I have just formed an Advisory Committee composed of some of the leading persons engaged in the trade of particular tropical colonies or groups of colonies who can assist me during the Conference with expert knowledge of commercial conditions and potentialities. My chief object is to endeavour to bring before, not only the representatives of Great Britain, but also of the Overseas Delegations the growing importance to the Empire as a whole of our great tropical dependencies.

OPENING SPEECH BY MR. BRUCE

I have read the transcript very carefully, and it appears to me that we have not caused a delay which is going to affect us in getting through the work, and I certainly wish to thank the Conference for the courtesy and the consideration they have shown us by so arranging their programme that we would be able to take part in any decision of any moment that was arrived at. I also welcome very much the opportunity which is being given to me now to speak upon the general debate which arose out of Sir Philip's introductory speech, and I should like, if I may, to express my appreciation of the extraordinary clearness of that speech, and also of the impartial and open-minded manner in which Sir Philip and the British Government are prepared to approach all these questions of Empire importance and of transcendent importance to the Dominions.

MARKETS OF PARAMOUNT IMPORTANCE

I entirely agree with the manner in which Sir Philip stated the case, and I do not propose to cover the same ground. I think it is unnecessary, but I would like to make one comment, and that is that I was particularly pleased to see that he considers the question of markets as being one of paramount importance. He stresses it, of course, with regard to Great Britain, but he indicates that it is also of paramount importance to the Dominions.

We certainly welcome that statement as coming from the British Government, and we welcome, even more, Sir Philip's statement that the solution of the market trouble is through the medium of the development of the Empire as a whole. That, of course, is the view that Australia holds, and I am inclined to think it is the view held by every one of the Dominions.

On the general question, I could, of course, deal at very great length with the necessity for economic co-operation within the Empire and I could stress the possibilities of Empire development solving all our problems in a general way; but in view of the very sympathetic tone of all the speeches that have been made, I think that it is rather unnecessary, and it would be preferable, I imagine, if I contented myself with saying that I entirely endorse the attitude that has been taken up and that I do not propose to stress it on my own behalf.

I think the best course I can adopt is to try and deal with the matter on a rather more definite basis, so that we may, if possible, immediately endeavour to find some concrete proposals which might effect a solution of the problem in which we are all so very much interested.

I think it is almost necessary, at this stage, to deal with the matter at some length, because there is no question but that the solution of the problem of Empire development is dependent upon three things, men, money and markets.

These matters are dealt with on the Agenda as separate items. One cannot, however, deal with the question of Empire settlement and come to any effective decision, because such settlement depends upon the markets available for the resultant production, and also upon the money which is provided for the purpose of Empire development.

I certainly think that the most useful course to follow at this stage is to deal with the whole problem; to try and show how, in our opinion, all these points depend one upon another; and to stress again, in the strongest possible way, that we believe the paramount question is that of markets and that it is quite useless to deal with Empire migration and discuss questions of that character in detail until we have arrived at some solution which ensures markets for the increased production that would result.

I do not, of course, wish to suggest that nothing can be done if we cannot solve the market problem. A great deal can be done; we will continue to absorb a certain number of men; we will employ a certain amount of money; we will proceed with the development of our countries; but we will be able to do it only at a very slow rate. There can be—in Australia's opinion, at all events—no really great development of the Empire until we can solve this vital market problem. Holding that view so very strongly, Australia believes that this Conference must appreciate that there is one outstanding question, and that we will be wasting our time if we are going to discuss these matters only in a general way and not be prepared to face the vital problem that confronts us and really see of we can find a solution of it. I must stress that point because in the past a great deal has been said in a general way that all our problems would be solved by migrating the people of Britain to the other parts of the Empire and by developing our amazing resources; but the question, I venture to say, has never yet been dealt with on a definite and proper basis, with a full realisation of what the great underlying problem is; we admit we have done this in Australia—we do not plead that we are guiltless—we have gone ahead, we have talked migration, we have brought people in, we have held up alluring pictures of what we could do, and now, to some extent, we are reaping the harvest.

When we brought our soldiers back from the war we adopted extensive land settlement schemes for them. The Commonwealth provided the finances and gave a rebate of interest; the State handled the different propositions, because practically the whole of the land in Australia is controlled by the States. We put a large number of men on the land to grow fruit, and now we are faced with the problem of marketing the enormously increased production. For each season during the last three years the Commonwealth Government has had to come to the aid of the fruit growers. This was quite inevitable. It did not matter whether one believed in Government assistance or in Government intervention, or whether one did not; it had to be done. The Government advanced large sums of money to these settlers, who were allowed thirty-six years in which to repay the advances. Something had to be done with their products or the men would have gone off the land. These men would have then migrated to the cities and increased unemployment. In addition the Government would have lost the very large sums which had already been advanced. Over the three years referred to, the Commonwealth Government

has lost through the fruit pools they have established and handled, something like 600,000*l*. One cannot continue in that way, and the Government has now to face the position that unless some method of marketing can be found the efforts that are at present being made to settle Australia more closely must be seriously limited.

I quote the fruit industry merely as one instance to show the position in which we find ourselves. In spite of this we certainly must go ahead with migration schemes in fairness to our own people. We have established a certain standard of living in Australia; we have a certain economic position, and that economic position only enables us to absorb a certain number of migrants. Unless we have assured markets we are going to have a serious surplus of labour and the most disastrous results arising from it.

I am afraid I am to some extent taking a pessimistic tone, but believe me I am by no means pessimistic. I am perfectly certain the whole thing can be solved and that its solution is not as difficult as is sometimes suggested.

The position I desire to put, and put very clearly, to a Conference of this character where all parts of the Empire have come together to consider our great national problems, is that Australia cannot stand still. We have to go on. We have a great country. We must populate it, or our very safety and integrity are menaced; and if we cannot solve the problem of marketing while we are here, then inevitably we must go back to our own country and seek some other solution. We recognize that any other solution must seriously limit our development. If we cannot find markets we shall be able to go forward only very slowly, but at least this will relieve us from a menace we are faced with to-day as a result of what we have already done and what we have in prospect. Consequently one would have to look at what one has to sell, and find a market for. This would mean looking round the world to see if there was not somebody with whom a bargain could be made so that the produce could be disposed of.

POLICY OF TARIFF PREFERENCE FOR BRITISH GOODS

During the last few years in Australia we have had many requests that we should enter into reciprocal arrangements with different countries. These countries offered to give us very great advantages in their markets for our primary production in exchange for advantages they sought in our markets for their manufactured goods. We have rejected all those requests and have refused to listen to them.

We say that the whole basis for our trading policy is to try to ensure, as far as we can, the Australian market for the British manufactures. But one must stress (and I am sure everybody would desire that one should stress) the point that while we are determined to pursue that policy in the future as far as we possibly can, our own economic necessities might drive us into a position in which, to some extent, we should have to relax it or we should be bringing disaster to our own country and to our own people. It is, therefore, necessary to consider whether such a relaxation would matter in the very least to Britain—whether it would matter if we removed these advantages we are giving her in our markets.

On many occasions I have heard it stated that the preference we give to Great Britain is of very little value at all. I recognise that that view is not generally held, but there is quite a body of opinion that expresses itself in that way. I think one need only look at the facts to establish quite clearly that it would be very unfortunate from Britain's point of view if Australia were driven to the point where she could not give such favourable terms to Britain as she does at the present moment.

SESSIONAL PAPER No. 36

VALUE OF AUSTRALIAN PREFERENCE TO THE BRITISH MANUFACTURER

Now, in the year 1922-23 the actual amount of the Preference which was given to British manufacturers imported into Australia was £7,600,000. In addition to that, an effort was made to ascertain the value of the sentimental Preference given by Australia. A great number of public bodies and large enterprises and others were circularised with that object in view. The conclusion arrived at was that it would be something in the region of 2 million pounds. Those figures are very large, but in addition to that we have passed anti-dumping legislation to safeguard the British Preference and to make sure that it will be effective against competition from countries with depreciated currency. I do not wish to go very far into that aspect of Preference, or the protection where there are depreciated currencies. I will merely tell you two facts about it; one is that in cases where it is found necessary to safeguard the preference given to British manufactures, as against the manufactures of a country with depreciated currency, the basis on which duty is levied on the latter is the domestic market value in Britain of similar articles of British manufacture; the other is that under our anti-dumping legislation, rather more favourable protection is given in some instances to British manufacturers than to our own people.

I pointed out to Parliament that it seemed to me rather an extraordinary position to be taking up to be protecting somebody else rather better than one is protecting one's own people.

The figures I have quoted—£7,600,000 - are the actual figures They can be gathered from the trade statistics. Most of you who have followed the controversies that have taken place in this country will probably remember that when Mr. Deakin and Sir Joseph Ward were pressing this case of Empire preference, one of their critics said: "If Mr. Deakin and Sir Joseph Ward can show that the preference we were giving was worth 1½ millions by way of preference as a figure to take by way of net profits to the manufacturers of Britain, there would be something in it, and he almost implied he would be in favour of it if that were the position.

I daresay the preference given would amount to a net profit that is not very far short of the preference we are giving now. I think therefore that we have certainly arrived at the point where that challenge which was thrown out could very well be taken up.

Over the whole of the Dominions the preference which Britain received was somewhere between 10 million and 11 million pounds, and I personally cannot believe for one second but that this must be of the very greatest value to British manufacturers, and I think anybody who considers the position must also recognize it. It must be of value to the British manufacturer if those goods are going into Australia. It must provide employment for the people of Britain, and it must to a very great extent aid you in the problems you are forced with to-day. As far as individual manufacturers are concerned, I have spoken to many of them, and they all say that the preference is of very great value, and we are constantly, as a Government, receiving representations urging us to maintain the preference which Britain at present enjoys. I think that the Board of Trade could probably give us some information on that point, because they have no doubt ascertained from the manufacturers of Great Britain whether this is a preference that is of value to them and whether it is aiding them in their manufacturing industry at present.

CHAIRMAN: There is no difference of opinion as to that.

Mr. BRUCE: I need not labour the point. I may say that both the Federation of British Industries and the Association of British Chambers of Com-

merce have made very handsome acknowledgments of the benefits British industry has received. I do not wish to labour this aspect of the matter, but I think it is essential, at the start of this Conference, that we should have the case set out as it is and show what the whole thing means.

I would now like to give a few statistical details of the specific trades which have obtained advantages under this preference. In regard to these particular preferences and the particular industries, for 1920-21, the figures show:—

Class	Value of Imports of United Kingdom origin	Concession of Duty under Preferential Tariff
	£	£
Apparel	3,977,751	577,339
Textiles	27,679,925	3,986,232
Machines and machinery	4,746,001	551,980
Other manufactures of metal	17,960,292	1,487,906
Paper	2,168,439	193,536

One must also remember that the history of the past shows that these preferences have been of some value. In 1882, the value of Australia's imports from Britain was 20,984,162*l.*—and in 1906 it was 20,228,836*l.* That is a period of twenty-four years, during which the trade was practically the same. The year 1906, as a matter of fact, was rather an abnormal one, the figures for 1905 being only 16,991,009*l.*, so that over that whole period Britain's export trade to Australia did not increase but remained about satisfactory. During the same period, however, Australia's total imports did not remain stationary. In 1880 the imports into Australia amounted to 24,622,000*l.*, but in 1906 they had increased to 44,745,000*l.*, so that over the same period, during which Britain's trade remained about the same, if indeed it showed no decrease, the imports into Australia had increased by over 20 million pounds.

All this increase took place with foreign countries, which were able to extend their trade with Australia although Britain could not.

Preference was introduced in 1906, and between 1906 and 1913, the position changed, British imports increasing from the 20,228,836*l.* already mentioned to 34,471,269*l.*, and in the latter year Britain was supplying 63 per cent of Australia's import trade. During the war, owing to the fact that supplies could not be obtained from Britain, the percentages that Britain supplied of Australian imports dropped to 46 per cent. In 1920, the Australian Parliament passed a new tariff under which largely increased preferences were given to Great Britain. We wished to help Britain to regain her place in our markets, if we could possibly do so, and the action taken was certainly effective, because by 1920-21, the percentage of British imports was restored to 64 per cent of the total trade.

I think these facts indisputably show that the preference is of value, and it will be a most unfortunate thing if anything is done to interfere with it.

VALUE OF DOMINION MARKETS TO GREAT BRITAIN

Another point I think we have to establish is that the Dominion markets have a value to Great Britain. The export figures for the United Kingdom in 1922 were: Europe 311,026,847*l.*, and the Dominions 285,780,649*l.*, a balance in favour of Europe of 25,246,198*l.*, but of the exports of United Kingdom produce and manufacturers, the Dominions took 270,404,802*l.* and Europe 247,655,266*l.*, a balance in favour of the Dominions of 22,749,536*l.* I think those latter figures

very clearly show the value of the Dominions trade to Great Britain, because practically the whole of the amount that they take represents direct British manufactures which are providing employment and helping the general economic situation here.

The exports from the United Kingdom to the different parts of the world are probably familiar to most of you, but I will quote them:—

VALUE OF THE TOTAL EXPORTS OF PRODUCE AND MANUFACTURES OF UNITED KINGDOM TO

	Population	1913	1922
		£	£
India	320,000,000	70,273,221	90,621,301
Australia	5,550,000	34,491,269	60,457,294
United States of America	110,000,000	29,294,579	55,022,435
France	40,000,000	28,933,072	48,310,485
Germany	65,500,000	40,677,379	32,075,692
Canada	7,300,000	23,794,935	25,271,213

India heads the list, of course. In 1913, she took 70 millions; in 1922, 91 millions. Australia, in 1913, took 34 millions; in 1922, 60 millions. Those are the two Dominions I am taking, but other countries with which Britain trades show increases. The United States, for instance, shows an increase from 29 millions to 55 millions; France from 28 millions to 48 millions, and Canada from 23 millions to 25 millions.

These figures show a comparison between the Dominions and some other big countries, and later I propose to give you the actual *per capita* amount that the Dominions take, as against foreign countries, from Britain. The estimate that I have here, and which I think is of some interest, shows what percentage of the exports to different countries from Great Britain consists of manufactured production. The problem of to-day in Great Britain is to find employment in her great manufactures. The table I am now reading sets out that 95 per cent of what Australia imports from Britain is manufactured goods; India, 94·5 per cent; Canada, 80 per cent; the United States, 69 per cent; France 58 per cent; and Germany, 52 per cent. But an aspect that I think we have to consider in estimating the value of these markets is the percentages over a period of years of British exports to foreign countries as compared with the overseas Empire.

In 1901, Britain exported 62 per cent to foreign countries and 37 per cent to the overseas Empire. In 1922, the figures were 60 per cent and 40 per cent. I also gave the intermediate figures:—

PERCENTAGE OF TOTAL EXPORTS OF PRODUCE OR MANUFACTURES OF BRITAIN

Year	Foreign Countries	Overseas Empire
	Per cent	Per cent
1901	62·5	37·5
1913	62·8	37·2
1921	57·6	42·4
1922	60·0	40·0

These at least show that we are taking at this moment a very substantial part of the trade. Personally, I am certain that we could do very much more and, of course, as I will show later on, the value to Britain of exports to the Dominions is considerably greater than the value of exports to foreign countries, but before I do that, I would like to put on record and bring under the notice of the Conference the development of Dominion markets over the last forty years and also to try and stress the point of their possibilities.

The following figures show the overseas trade of the different Dominions:—

TOTAL OVERSEAS TRADE

Year	Australia	Canada	South Africa	New Zealand	Grand Total
	£	£	£	£	£
1880	50,000,000	29,000,000	18,000,000	15,000,000	112,000,000
1901	92,000,000	71,000,000	55,000,000	28,000,000	246,000,000
1921	296,000,000	510,000,000	132,000,000	88,000,000	1,026,000,000

These figures show a very considerable development and growth, and I venture to say that, if there had been any statesmen in 1880 who could have visualised the development and growth of the Dominions trade, they would have given very serious thought to the question of concentrating upon Dominion trade and Dominion expansion, and of seeing whether that was not the best way to develop British industry generally. As we look back upon the position, I think that thought must cross our minds to-day. Surely, if we view it in that way, we ought to consider whether we are going to lay ourselves open to a similar charge a generation hence when people look back and see what we did—an increase from 112 millions to 1,026 millions, while we made no really serious effort to develop the Empire at all. The Empire has merely developed of its own initiative.

Up to date there has been no concerted plan and, I venture to suggest, no real and genuine effort. If we took the matter in hand and really did concentrate upon it I think the expansion in the figures over the next forty years would tell a tale which would mean a perfectly amazing position for the whole of the Empire as a commercial nation. That side I think is one we must stress if we are going to pretend that we have any sort of a vision into the future, and if we are really determined to try and achieve something for the generation that is coming after us.

COMPARATIVE VALUE OF DOMINION AND FOREIGN TRADE

Just now I referred to the question of the comparative value of the Dominions' trade as against foreign trade, and I wish to emphasize it in this way. I want to show in regard to the exchange between the Dominions and Great Britain that the Dominions take from Britain just about what Britain takes from them. In the case of foreign countries it is a very different story, particularly in regard to those countries where there is a possibility of development on the same lines as in the Dominions, namely, countries which are producing foodstuffs and raw materials. In those cases, Britain takes a great deal from them but they take very little from Britain. The particular countries I refer to are the Argentine, Denmark, and the United States, and these were the figures for 1922:—

Countries	Exports of Britain, 1922	Imports from Britain, 1922		
		British Produce and Manufacture	Re-exports	Total Exports
	£	£	£	£
Argentine	56,320,259	22,708,073	655,884	23,363,957
Denmark (including Faroe Islands)	10,309,706	12,451,767	1,247,767	13,699,534
United States of America	222,012,994	55,022,435	21,654,309	76,676,744
	318,842,759	90,182,275	23,557,960	113,740,235
Five Large Dominions	232,112,491	217,773,215	11,372,409	229,154,624

Taking as a whole these three countries, the exports to Britain in 1922 were £318,842,759; the exports from Britain in 1922 were, British produce and manufactures £90,182,275, re-exports £23,557,960, making a total of just over 113 millions. These three countries exported to Britain 318 millions and they took from Britain 113 millions.

In the same year the five large Dominions exported to Britain 232 millions and they took in exchange 229 millions. I think one can appreciate the value of a trade of that character as against the value of a trade where the amount taken by the other country is so much smaller. I think that point has to be particularly emphasised; it can be very well illustrated by the case of the United States which exported to Britain, in 1922, 222 millions, whilst the total exports from Britain to them were 76 millions. In view of the burden of interest on the American Debt, it would certainly help our whole economic situation if we could to some extent vary the position which exists at the present moment.

The per capita figures are well within the knowledge of most of you. According to their populations the Dominions buy on a much higher basis than any foreign countries in the world, as shown in the following table:—

	Population (Whitaker, 1923)	Exports		
		British Produce and Manufacture	Re-exports	Total
		£ s. d.	s. d.	£ s. d.
New Zealand	1,200,000	13 4 5	13 10	13 18 3
Australia ...	5,500,000	10 19 6	19 2	11 18 8
Denmark	3,000,000	4 3 0	8 3	4 11 3
South Africa.....	6,000,000	4 1 9	4 3	4 6 0
Canada.....	7,300,000	3 9 5	7 3	3 16 8
Argentine ..	8,250,000	2 15 0	1 7	2 16 7
France.....	40,000,000	1 4 2	8 10	1 13 0
Germany.....	65,500,000	0 9 10	5 2	0 15 0
United States of America.....	105,000,000	0 10 6	4 1	0 14 7
Spain	21,350,000	0 11 2	0 11	0 12 1
Greece.....	7,000,000	0 10 10	0 2	0 11 0
Italy	38,500,000	0 10 0	0 11	0 10 11
Russia	136,000,000	0 0 6	0 1	0 0 7

The highest is New Zealand with 13*l*. 18*s*. 3*d*. a head. Australia is next with 11*l*. 18*s*. 8*d*., and the lowest on the list, if I exclude Russia, is Italy, which takes 10*s*. 11*d*. a head. A country such as the United States takes 14*s*. 7*d*. a head as against a Dominion like Australia 11*l*. 18*s*. 8*d*.

Those figures, I think, show that the Dominions at the present time are doing their trade with Britain as far as it is possible for them to do it. I think they must convince anybody that at the present moment the Dominion markets are of very great value to Great Britain and that their potential value is a thing, if we proceed along a proper line of development, which no man can possibly estimate.

There are some people who say everything is all right in this best of all possible worlds; that there is nothing wrong with British trade or British methods or anything else. I am not saying that as against Britain. It happens in every country. It happens in Australia. We also have people who say everything is all right in this best of all possible worlds. But it is not. That is not the attitude that is going to help.

We are very often told that everything that is happening now is a result of the war; that if there had been no war everything would have gone on perfectly well for Great Britain, and that there would have been no industrial situation to meet and no economic trouble at all. In 1913 I used to live in

England and I certainly did not gather the impression that everything was running quite on oiled wheels at that time. If one considers the positions of Britain, Germany, and the United States over the period between 1890 and 1912 (not complicating the situation at all by dealing with the period after the war) the export figures are certainly of considerable interest. I am quoting them only to show the relative advances made by the three countries:—

TOTAL EXPORTS

Year	United Kingdom	Germany	U.S.A.
	£	£	£
1890	263,000,000	164,000,000	176,000,000
1900	291,000,000	230,000,000	302,000,000
1905	329,000,000	281,000,000	310,000,000
1910	430,000,000	367,000,000	356,000,000
1912	387,600,000	440,000,000	452,000,000

I think these figures must suggest that there was certainly a very difficult period ahead of Britain on account of the intense competition of those two countries, which reserved to themselves their own markets, and used Britain only for the purposes of their surplus production.

Another point that I would venture to state (though in regard to anything I have to say I wish to make it perfectly clear that we are not in any way interfering in affairs which are matters of purely British interest and matters of British determination) is that the requests which have come in recently from rather surprising quarters that some action should be taken to protect their industries, certainly point to the fact that the position is not as satisfactory as might be desired. The woollen industry, the silk industry, and other industries have asked for protection under the Safeguarding of Industries Act. I am not using that as an illustration of any particular fiscal system at all. All I am using it for at this moment is to show that it is desirable that Britain should exhaust all the possibilities of creating new markets for herself, and that there is a real necessity for her to give that matter serious consideration.

EFFECT OF A PREFERENCE POLICY ON BRITAIN'S RELATIONS WITH OTHER COUNTRIES

There is one other point I have to deal with, and that is a fear which was expressed in many quarters that if the British markets were ensured in any way—and I say that quite deliberately, in any way—to the Dominions, it would provoke foreign retaliation and would complicate the whole of Britain's economic relations with other countries. I personally cannot believe that that is so. Other countries have tariffs protecting their own industries, and those countries have offered Preference to Australia. Could anybody resent it if Britain, Australia's own mother-country, did exactly the same thing as foreign countries are doing at the moment? We in Australia and all the other Dominions have taken action to ensure that our markets to some extent will be available to Great Britain. Nobody has resented that, and nobody has ever suggested that it is not a perfectly legitimate and proper thing for us to do, and one that is well within our competence as an independent people.

We must remember also that foreign nations are not particularly apt to consider Britain's interest. At the present time we are not obtaining such extraordinary concessions and benefits from foreign countries that we need be very apprehensive that they would do anything to alter them even if they did not like what we are doing. I think it can generally be accepted that most foreign countries have done everything possible to see that Britain's trade did not get into their markets. I do not think, therefore, that we need be very

much concerned with that side of the matter. This question has been raised, of course, many times, and I have a quotation here from a speech by Mr. Austen Chamberlain in the House of Commons. He said:—

"What we choose to do within the British Empire is the concern of the British Empire. It gives no right for any foreign nation to take offence. No foreign nation invites or would tolerate our interference in their internal customs arrangements, and I see no reason, but for the suggestions coming from the honourable gentleman, why any foreign nation should take offence at our doing what other foreign nations have done for years without complaint from us or anybody else. If that be the issue, if a foreign nation chooses to raise that issue, and to say, when one portion of the British Empire treats another portion of the British Empire as kinsmen, as parts of one whole, as partners in one great commonwealth, that that is an offence to the foreign nations, then, the whole British Empire would be ready to meet that and to stand shoulder to shoulder to combat it."

The whole question of tariff policies of different countries towards their dependencies has been very carefully studied, and there is a very illuminating report on the subject which was prepared by the United States Tariff Commission. Anybody interested in the subject would be well advised to read it because it is a mine of information which sets out the whole position very clearly. I do not wish to deal extensively with it at the moment, but I do wish to give certain figures which are extracted from this report of the United States Tariff Commission. They show the arrangements which have been made by the chief foreign and colonial Powers in order to protect their dependecies in their own markets.

The United States has a differential tariff for its Possessions as against foreign countries which on the average amounts to about 100 per cent., Japan gives 100 per cent., France 50 per cent. to 80 per cent., Portugal 50 per cent. to 90 per cent., Spain 50 per cent., Italy 50 per cent. to 90 per cent. There are two countries which do not protect their colonies, namely, Belgium and Holland. There are particular reasons, however, in regard to those two countries, and, as far as Holland is concerned, without directly protecting her Colonies, she does a great deal to help them through insisting upon their shipping in Dutch boats only, and she assists them in other ways.

I apologise for speaking for such a long time, but to my mind the keystone to every question we have to consider at both the Imperial and Economic Conferences is the establishment of markets for the Dominions so that we can get true Empire development.

I have tried to show that there is a real value in Dominion preferences and Dominion markets; that there is a wonderful possibility of expansion in those markets, and I have tried to indicate that it would be a serious thing to British manufacturers if the position they have at present in the Dominion markets were lost to them.

VALUE OF BRITISH MARKET TO THE DOMINIONS

It is also necessary, of course, to consider the value of the British market to the Dominions. I think there is no Dominion which does not recognise that the British market is the best in the world and that it has been an invaluable market to the Dominions in the past; and their greatest aim and greatest ambition is to ensure that they shall at all events hold their own in that market in the future. But the Dominions feel that there is a real danger that they are not going to hold their own in the British market in the future. There are some people who say that the Dominions ought to be prepared to consider that the free access they have to this, the greatest and best market in the world, is more than

equivalent for any Preference that the Dominions might give to Britain. I am not sure that the Dominions would not agree with that, if the great ideal of those who founded the theory of free trade had been carried out, and we had world free trade instead of every country protecting itself, and we had also the corollary of a reasonable standard of living in the countries with which we should be likely to compete. If that were the position, I think there would be a great deal in the argument that to have free access to this market would be all that anybody could ask; but, unfortunately, that is not the position, and I am certain that the great founders of free trade did not visualise a world of tariffs such as has grown up. I came across an extraordinarily interesting statement of Mr. Cobden's made in 1862, which I think bears out to some extent what I am saying and which is really direct support to the case I am trying to make now, namely, that it is necessary to keep the British market as far as possible for the Dominion production of food and raw material so that we can develop the Empire; what Mr. Cobden said in 1862 was: "I doubt the wisdom, I sincerely doubt the prudence, of a great body of industrial people to allow themselves to live in dependence on foreign Powers for the supply of food and raw material."

To a great extent that is the case that Australia is making to-day. We say that for the Empire it is a suicidal policy, quite apart from the fact that we believe we ought to develop the Empire.

APPREHENSIONS AS TO FUTURE BRITISH MARKET

One thing which makes the Dominions very apprehensive as to the future value of the British market to them is that in this market they have to compete with the production of cheap and or coloured labour. That is the situation which faces a country which has as its policy to remain a White Australia and to have a reasonable standard of living for its people. We are confronted with competition from cheap labour (and by cheap labour I mean labour that is not paid a reasonable and fair wage according to the standard of civilisation we have reached) or coloured labour which has a different standard of living altogether.

Another thing that makes us very apprehensive is the dumped surplus production of other countries, and in a moment I will give an example of how that affects Australia.

Depreciated currency is also a factor against which, of course, one has to some extent to protect oneself.

The last, and probably one of the most dangerous factors, is the great combines which are growing up all over the world.

The examples which would stress those cases I have indicated are these. In Australia we have at present a large surplus production of dried fruits, and this production is increasing. We must find a market for it, but we are faced with competition from places with very cheap labour. The places I refer to are the Levant and those countries where there is certainly not a standard of living which would be acceptable to any British community. The other factor which affects our dried fruits is that we are subjected to the competition of dumped surpluses from California.

Those two factors make it very doubtful whether in the future the value of the British market is really going to be as great as we could wish.

The question of meat I do not intend to go into at any great length at this stage, but, of course, the British market is, if I may say so with all respect, practically at the mercy of a great combine over which Great Britain has no control at all, and that combine at the present moment is surely and inevitably driving Australia out of meat production.

The factors which I have stated certainly make us very apprehensive as to the future, so far as the British market is concerned. But I hope that I will not leave any impression but that Australia certainly, and I am sure all the Dominions, realise the amazingly good fortune they have in being dependencies of the British Crown and in having this great British market, together with a great sympathy towards them which has been available at all times throughout their history and their growth up to the present hour.

RESOLUTION OF 1917 CONFERENCE

The foregoing more or less covers the points I want to try and establish. We have then to consider the position in which we find ourselves. I do not want to go over the story of what has happened in regard to Imperial Preference, or the necessity of trying to find markets in Britain for Empire production, but I think I must refer to one matter because it is of such very recent date, and that is the resolution that was passed by the 1917 Conference. I would remind the members of the present Conference of what actually took place then. The resolution passed was that

> "The time has arrived when all possible encouragement should be given to the development of Imperial resources, and especially to making the Empire independent of other countries in respect of food supplies, raw materials, and essential industries. With these objects in view this Conference expresses itself in favour of:—
>
> (1) The principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire.
> (2) Arrangements by which intending emigrants from the United Kingdom may be induced to settle in countries under the British flag."

That resolution was passed unanimously by the representatives of every one of the Dominions and Britain herself.

That was the first occasion upon which the British representatives had associated themselves in a resolution of this character. I want to quote that, and I want to stress it very much, because you will remember that in 1917 we were in the midst of the war, and during the war I think most of us saw things with a little greater clarity than we do under ordinary circumstances in periods of peace. I am afraid that most of us are rapidly forgetting what we learned in the war and the lessons that we ought to have drawn from it as to regulating our future conduct.

But, as far as that resolution is concerned, I remind the Conference of it only because it is the last expression of the view held by a Conference of this character. It is now for us to express the view we hold.

As far as Australia is concerned, we still hold the view we held in 1917; we would again subscribe to that resolution with the utmost pleasure, and we think it would be a good thing if a similar resolution were actually recorded by this Conference. But I think it would be very much better if, instead of following the usual habit of Conferences and passing resolutions, we could on this occasion do something practical to give effect to what we actually believe in. I think that would really lead to the result that we all desire to achieve. Now, as far as Australia is concerned we have taken action along the lines of that resolution. We have passed a new tariff, as I have told you, increasing the favourable circumstances under which Britain comes into our market; we have passed legislation protecting Britain against countries with depreciated exchanges;

We have done everything in our power to try and promote the trade of Britain, which is the underlying idea of the resolution; and in certain cases where Britain has appealed to us with regard to individual industries, such as the dye industry, we have taken action to try and help her to foster the new industry which she is building up.

NEED FOR MAKING PRESENT BRITISH PREFERENCES EFFECTIVE

We recognize, of course, that Britain has followed up the resolution, but we venture to say she has only followed it to a very modified extent. In the Budgets from 1919 something has been done, and we are indeed grateful that anything has been done, but we also think that the interests of Britain (and I wish to put the case this way) would be advanced if she went even a little further along the path which she has already set her feet to, and I think that, if she would do one thing, it would greatly facilitate the solution of the questions we are now considering in Australia.

At the present moment Great Britain has a tariff upon certain items, such as dried fruits, and we have a scheme in Australia which is really the test scheme for the whole of our future migration ideas; the greatest production that will come from that scheme will be dried fruits, and if Britain could see her way to make the present preference effective, I think it would solve the problem of this particular scheme which I wish to explain to the Conference. As to whether Britain can see her way to do anything, that, of course, is a matter for British consideration, but may I urge the desirability of bringing this scheme to fruition and of so accomplishing our aims.

THE MURRAY RIVER SCHEME

The scheme I am referring to is one which is known as the Murray River Scheme. In that part of the Australian continent, development was really not initiated until about 1887. It progressed very slowly, but gradually an irrigation settlement grew up. In 1915 the Commonwealth Government and the States of Victoria, South Australia and New South Wales conferred and determined upon a large scheme for the conservation of water, the locking of the river, and the irrigation of a very large extent of country. That scheme is now being pressed onwards and when it is completed there should be available about 2 million acres of land, and on account of the particular circumstances of the settlement there, it is the most desirable form of settlement for British immigrants. It provides the ordinary amenities and decencies of life; it is a life that would be understood by a British migrant, and one to which he would be able to adapt himself very readily. That scheme to-day is in this position—the Commonwealth and State Governments have started it and have taken it a certain distance. The acreage under cultivation is increasing every year. At present there are about 200,000 acres and, roughly, 75,000 people. By 1928, 1½ million acres should be available, and in a few years after that, the whole 2 millions.

Mr. CHAMBERLAIN: What population would that mean?

Mr. BRUCE: For the 2 millions, about 750,000 people. The principal things produced there would be fruit, dried fruit in particular, and cotton; there would also be a certain amount of dairying, and as I have said, the settlement enjoys the best possible conditions and it offers the best amenities of life we have in Australia. Now the position of the Murray River Scheme is this (and that is my reason for stressing this matter so much and for saying that Australia more or less takes it as the test of what she may be able to do in the way of migration and development generally of the Empire): the production of dried fruit in 1914

was about 12,000 tons, of which Australia herself could take 80 per cent, and about 20 per cent had to find a market overseas. By 1926, with existing soldier settlement, with our own ordinary land settlement, with a very little migration, with the actual land that is settled, with the actual trees that are in the ground and which will come into bearing by that time, we shall be faced with a situation exactly the reverse of what it was. We shall have to find a market for the export of 80 per cent, as we ourselves will be able to consume only 20 per cent in Australia. Similarly with canned fruits, which would be another great production in that area. To-day the production is about 500,000 cases of which we have to export about 150,000. By 1926 or 1927 the position will have arisen that we shall have to export about 80 per cent of our production.

PROBLEM OF MIGRATION INSEPARABLE FROM THAT OF MARKETS

The Australian Government has been faced with this question in a very intense form, having had to form pools, handle the produce, and lose 600,000/ over three years in connection with schemes of a similar character. It is now quite clear that we cannot, in fairness to our own people, go on with the cry, which has been far too prevalent in Australia, of "produce and then produce more," and anybody really seriously interested is concerned as to what we can do with the production. If we cannot get what we believe will be an outlet for the production in the Murray Valley, we are prepared to go on and complete this scheme and eventually settle a very great number of people, but unless we can obtain a market we shall have to slow down the whole scheme. Instead of going forward and completing it as we contemplated, we shall have to take action to consider how far we can proceed or how we can delay the scheme so that when the production comes there will be a market available. In the circumstances, I think that is a very fair test case for Australia to take. If we can find a solution, I am quite certain that Australia will be able to enter enthusiastically into schemes for absorbing people. We will be encouraged to believe that we have assisted in the great question of marketing and at the same time we will be helped to populate our country.

Australia's desire above everything else is to populate her country and to advance from her present position of a very small people occupying a very vast territory, the real value of which no man can estimate, but which certainly has the greatest potentionalities. Coming from Australia, I believe that they are greater than in any other part of the world.

As far as Australia is concerned—and I stress this even at the risk of wearisome repetition—the whole point turns on markets, and markets mean migration—if we have no markets we cannot have great migration, we cannot have the great development in the near future.

The problem of markets appears to me to fall into three divisions. The first one is the making effective of the preference already existing. If that can be done, I venture to say we have probably solved the Murray River problem, but that is a matter for the British Government and not for us. We have tried to put our case in such a way as to show that this scheme would mean a great stride in Empire developemnt; that it would mean a very greatly increased purchasing power in Australia for British manufactures, and that we are not asking to have the preference increased merely to assist Australia in its trouble. We are not in trouble. We shall get out of our difficulties perfectly well, but must realise that, if we do not get preference, which we believe will be of value to Britain, we shall have to develop rather more slowly, and the improvement in our position as purchasers of British goods will be delayed for a very considerable time. With regard to Preference, there is a specific item on the Agenda. Of course, that will be the appropriate time to deal with the question.

The CHAIRMAN: I would say at once, as I said at an earlier stage of the Conference in reply to Mr. Massey, that as soon as we open that I will tender quite definite proposals on that subject.

Mr. BRUCE: I need hardly say that I am extremely glad to hear it.

PREFERENCE IN PUBLIC CONTRACTS

The second point concerns preferences in Government contracts. This is not so big a question, but it is one of very considerable importance to the Dominions generally. On this question the Dominions possibly take a view which might well be considered a little extreme, but they have a very real feeling in the matter. They feel that where it is a question of Government contracts the Dominions should be entitled to get them, unless the difference in price is so hopeless as to render it impossible; but they think that there should be a very generous margin allowed in order to give the Dominions the fullest opportunity of tendering successfully. Our distances from your markets should also be remembered, so that there should not be too short a period for lodging tenders.

I should point out that there is in Australia a very strong feeling on the question of preference. Australia sent a great number of her sons overseas; she lost sixty thousand of them. In the war we all fought together, and there certainly is a sentiment in Australia about this particular question. I am merely mentioning this because it is a feature of the national point of view, which one certainly should bring under notice.

MARKETING OF DOMINION FOODSTUFFS AND AGRICULTURAL RAW MATERIALS

The other problem which we have to consider is of course a difficult one, and I think it should be stated in this way, that in order to assist the settlement of British migrants in the Dominions and thus relieve unemployment in Great Britain and in order to increase the volume of Imperial trade and the purchasing power of the Dominions for British goods, Britain should be prepared to assist in some way in the marketing of Dominion foodstuffs and agricultural raw materials. I particularly mention foodstuffs and agricultural raw materials for this reason, that these things are what the Dominions produce and it is their production which will bring about the development of the Dominions. It is no good our passing pious resolutions in favour of better preference to the Dominions and ever dodging the great issue. The issue is there, and it is not the slightest use our trying to avoid it. We must see if there is any way of getting over the difficulties involved, because of the fact that those are the things the Dominions must have a market for if they are to expand and develop.

I quite appreciate that at this stage I might very well leave the matter having said that we cannot develop without markets; that these are the things we want markets for, and that we would like a duty put upon them, with a preference to the Dominions. I am rather apprehensive that if I say anything more, I shall be accused of interfering in other people's affairs, but we have to remember that this is a Conference to which we have all come on an absolute equality, and we have only one object in view and that it, to try to promote the prosperity of the British Empire as a whole. Having come here in that spirit I think it is our duty to state the position as we see it, and to see whether from anything we may say some crumb of wisdom may fall which it would be possible to take up, and which might conceivably help to solve the problems we are faced with.

I do not propose, therefore, to leave the matter exactly where it is, but to say a little more, and I intend, if I may, to look at the whole position facing

us at the present moment in regard to foodstuffs and agricultural raw materials generally. I again want to stress the point that I am doing this only in a spirit of trying to help, if possible, in the solution of this extraordinarily difficult problem.

BRITISH AND DOMINION FARMERS FACED BY COMMON PROBLEM

In approaching the question, certain facts must be remembered. The agricultural producers in Britain and in the Dominions complain that on much of their produce they receive too small a return to cover the cost of production. On the other hand the British consumer complains that the retail price he has to pay restricts his consumption and involves great hardship during the present time of depression.

During my voyage from Australia I studied with very great interest the Reports of the Departmental Committee of the Board of Agriculture on the Prices of Agricultural Products which was presided over by the Marquess of Linlithgow. It appears that this Committee in its Reports largely confirms the complaints of both producer and consumer. The Reports show that distribution charges are very high. It appears to me that the requests which the Dominions are making under this head harmonise with the demands of the British farmer, who has been forced to make representations to the British Government for some definite assurance of stable markets for agricultural produce.

The British farmer states that if he cannot get substantial aid, many thousands of acres of arable land must go back to grass, and tens of thousands of agricultural workers will join the ranks of the unemployed. I desire particularly to draw the attention of this Conference to the similarity between the position of the British farmer and the farmers of the Dominions, in the hope that as a result of the deliberations of this Conference, some common policy may be found. Cannot a policy be framed to stabilize the price of such commodities as meat and wheat, to eliminate fluctuations, thereby confining the trader to his legitimate sphere of distribution, removing any incentive to speculation, and thus relieving at one and the same time the agricultural producer and the industrial consumer, at the expense of no legitimate interest?

I fully appreciate that even a suggestion that any steps should be taken towards stabilization will be greeted by many people with absolute horror. Our minds have run in certain directions for a very long time and we are very reluctant to contemplate any change, but I am quite certain that if we are going to be stereotyped in every opinion we form and are not prepared to alter these views at all, we shall find most of our problems almost impossible of solution to-day. Circumstances have changed enormously. Personally, I believe in the law of supply and demand, no Government interference, no sort of control. I believe in letting trade and industry flow in its own channel; but to-day we have some extraordinarily grave problems before us, and there are certain aspects of trade and industry which have developed, and, although we are told we should not interfere with trade and industry, these problems have assumed such a character that some action must be taken to defeat the machinations that are being carried on. I refer to great combines, and especially the great combines handling the foodstuffs of the people.

While I approach this question personally with an open mind, I do recognize that many people will not be prepared even to consider anything that involves any interference with the ordinary flow of trade throughout Great Britain. We have the same feeling in Australia, but I say without hesitation we must at least examine the position and see if there is not something which can be done.

One point we have to realize, I think, is that agriculture at home and in the Dominions cannot flourish so long as Britain remains the dumping-ground for

every available foreign surplus. Some foreign produce is produced by cheap coloured labour, labour that we Anglo-Saxons can only regard as sweated; other produce comes from countries with severely depreciated currencies. Where neither sweated labour nor depreciated currencies assist the foreign producer he generally has a protected home market, and can often afford to dump his surplus production into Britain. It is essential to regulate and, where necessary, to restrict the foreign imports.

I have not come to this Conference with any suggestion that I have the solution of this problem, but we do so regard it as the keystone of the whole Imperial structure that we feel we should try to put forward some ideas in regard to it.

THREE OBJECTIVES

I suggest that the first objective we must have in mind in any solution that is arrived at is that we should ensure that the British agricultural producer should have priority over all comers for the sale of his produce in the British market. In Australia, educated as she has been in regard to her fiscal system, that appears to some people to be an absolutely essential factor. Of course, it is perhaps surprising that Australia takes that view, but as we demand that our own production shall have the first rights in our own market, we recognize that the British agricultural producer has exactly the same rights as we claim for ourselves.

The second objective is that, so far as the British farmer is not able to supply the British requirements of foodstuffs, the Dominions producer should be placed in a position to supply, to the greatest possible extent, the necessary requirements.

In order to achieve these two objectives, the importation of foreign agricultural produce should be limited to supply the deficiency that the British and Dominion agriculturalist is not able to supply. That is, of course, the producer's side of the problem.

The third objective is that we should realize that in a country such as Great Britain the consumer's point of view must have the fullest consideration. Any agricultural policy which resulted in a permanent increase in the cost of necessary foodstuffs might place the industrial interests of this country at a disadvantage in the markets of the world. It is, therefore, of the greatest importance to examine any proposals that may be put forward to achieve the objects which I have just stated in the interests of the producer, in order to see whether there is a reasonable chance of safeguarding the producer's interests without sacrificing those of the consumer and, through the consumer, those of the industries.

These are the three points that occur to me by which we must be guided: (1) To assist the British farmer, (2) to encourage the Dominion producer, and (3) to safeguard the British consumer.

FIVE PROPOSALS SUGGESTED FOR EXAMINATION

I wish now to deal with five different proposals for achieving these objectives. There is only one that I must say I think stands out over the others. With regard to all the rest, I am merely putting them forward as suggestions for examination, and I do not express any opinion at all with regard to them.

(1) Protective Tariff on Foodstuffs and Raw Materials with Preference to Dominions.

Dealing with them in order, the first method that naturally occurs to the mind, when considering how British and Dominion agriculture may be safe-

guarded against what we may term the unfair competition of foreign supplies, is a protective tariff for British agriculture, with adequate Preference for the Dominions. Being the representative of Australia, and holding very strongly the views that we do hold, I must give my first choice to a tariff on foodstuffs and raw materials with Preference to the Dominions.

From a purely Australian point of view, I may state quite frankly that we should welcome any such solution of the problem. The Australian public is thoroughly accustomed to the idea of protective tariffs. They understand their significance, and the value of any Preference that the British Government might be able to give under such a scheme would be immediately appreciated in the Dominions. I think it could be claimed that a protective tariff with adequate Preference could undoubtedly be made to achieve all our objectives. I am aware of the prejudice that exists in this country against any tariff system being applied to essential foodstuffs, but I would point out to the Conference that the country which attempts to obtain, for any considerable period, its food supplies at prices below the cost of production, will certainly be eventually faced by a gradual decrease of production, with the necessary corollaries of scarcity of supplies and high prices, and, if the trouble be not remedied, ultimately by starvation. At the present time the position in Britain appears to be approximating to these unhappy conditions.

The British farmer is, I understand, incurring heavy losses from his arable areas in spite of excellent crops. The Dominion producer, in many instances, is unable to obtain prices that cover his costs. Surely we must look at the problem not as one of to-day, to-morrow, or the next day, but, taking a wider view, we must realize that proper measures to safeguard Empire agriculture will undoubtedly be in the interests of all classes of the community. The supply of some of the most important foodstuffs is now largely in the hands of foreign combines that manipulate prices to the detriment of both producer and consumer. Unless Empire agriculture can be encouraged, Britain must expect to see the control of its food supplies pass more and more into foreign hands, with what results in time of war recent experience can teach us. In view of the high prices which the British consumer has to pay for produce, there is no real reason why a system of Protection and Preference based on a tariff should necessarily increase the cost of living.

(2) A Sliding-Scale Tariff.

The second suggestion that I put forward is a scheme of sliding scales for Protection and Preference. Protection for British agriculture and Preference for the Dominions could be introduced on a sliding scale so as to give some measure of stability to the market by bringing the tariff into operation only when the prices of commodities sank to so low a level as to be unremunerative to the agricultural producer; in other words, a sliding-scale tariff. It has been suggested that the average cost of production of an essential commodity, such as, for instance, wheat, having been ascertained for the United Kingdom, the sliding-scale tariff should come into operation whenever the price sank below the average cost, thus giving to the British farmer Protection only when he needs it, and applying Preference to the produce of the Dominions at the same time. As the tariff would be applied only when prices had fallen below a certain level, it is probable that one result of this system would be to eliminate fluctuations to some extent, and this in itself would be a benefit to the consumer as well as to the producer.

(3) The Method of Subsidies.

The third suggestion is subsidies. A system whereby British and Dominion agriculture could be placed in a position of definite advantage over foreign

supplies would be a system of subsidies, where required, to British agriculture, and some form of subsidy to the Dominions producer. It has been suggested that subsidies from the British Government to the Dominion products could be based upon the ascertained value of the Preferences afforded by the Dominions to the Mother Country. For instance, if Australia had given preferential treatment to Great Britain to the extent of, say, £8,000,000 in a year, a proportion of this amount could be returned by the British Government in the form of subsidies against freight charges, overhead expenses, etc. Such a subsidy could take the place of a tariff preference on essential foodstuffs or raw materials.

It is argued that an arrangement of this sort would give an incentive to the Dominions to increase their preferences to British goods to the maximum amount in order to obtain as large a subsidy for their primary production as possible. I presume that under any such system the subsidies to the British farmer would only be available when the market price had sunk below a reasonable cost of production. On the other hand, if a subsidy system were to be regarded by the Dominions as in any way an adequate *quid pro quo* for their preferential treatment of British manufactures, the subsidies to the Dominions would have to be in continuous operation.

I have now briefly indicated two methods of attaining our objective that are based upon a tariff, and one method in which subsidies would be used.

There are two other methods worthy of consideration which do not involve either tariffs or subsidies, but which are based upon the idea of controlling the volume of foreign imports. I am aware of the feeling that still exists in this country against measures of control, and in considering these forms of solution it seems desirable to discover how control could be applied with the very minimum of friction and the least possible interference with the normal methods of business and of trade.

(4) The Method of Import Licenses.

One method that has been suggested for giving effect to our purpose is an import licence system to discriminate against foreign countries. A suggestion of this sort was made by the Incorporated Society of Meat Traders to the Bridgeman Committee, and is mentioned in that Committee's report. A system in some way analogous to this is, I believe, carried out at the present moment by the Hop Control. There is little doubt that a licensing system could be made effective for this purpose. It would mean that British agriculture would be left entirely uncontrolled, and that the Dominions would be allowed to send their produce into Britain without restriction, except in instances where British agriculture was in a position to supply the entire needs of the community; but foreign imports would only be allowed under licence, and the volume of foreign imports would be controlled by the licensing authority.

It seems probable that both our first and second objectives could be attained by this method, and if the British and Dominion producers showed any tendency to make use of their advantages to unduly exploit the consumer, the licensing authority could effectively counter any such attempt by increasing the quantity of foreign importations.

(5) The Method of Stabilization of Prices.

The last method that I desire to bring to the notice of the Conference is what has been called a "stabilization policy." But, before outlining this method, I think it desirable to refer very briefly to the proposals that have been put forward from time to time for the establishment, for strategical purposes, of national reserves of such essential foodstuffs as, for instance, wheat.

When we remember the enormous difficulties that Great Britain had to encounter in maintaining her food supplies during the war, and when we remember

that it has been stated that during the height of the submarine campaign in 1917 Great Britain was within three weeks of actual starvation, adequate national reserves appear to have the utmost strategic value. This stablization policy to which I am about to refer appears to require for its proper functioning some form of National reserves also. The idea of a stabilization policy is that a system of Protection and Preference could be brought into effect, without any tariff, to give the maximum advantage to Empire agriculture and at the same time to safeguard and benefit the British consumer. This is a suggestion for a deliberate policy of the stabilization of prices of such essential commodities as meat and wheat.

The sources of supply of foodstuffs can be classified under three heads, *i.e.*, British, Dominions and Foreign. It is proposed, under this system, that the British product should be left entirely free and uncontrolled. In other words, the British farmer would be free to continue to market his produce precisely as he is doing it at the present time.

The Dominion produce would also be freely marketed so long as the quantity required from foreign sources was sufficiently large to allow the control of the entire foreign imports to effectively stabilize the price of the commodity in question in Britain.

The foreign supplies would be controlled by a National Purchase Corporation for either meat or wheat, the corporation to buy from foreign countries the shortage between what the British and the Dominion producer could supply and the total requirements of the country.

If these proposals are taken in conjunction with the idea of national reserves of foodstuffs, and if the control of the national reserves were vested in the National Purchase Corporation, it will be seen that in the case of, say, wheat, the controlling authority would be able to regulate the flow of foreign imports on to the London market in two ways: Firstly, by the amount actually allowed to enter Great Britain, and, secondly, by the rate at which foreign wheat was allowed into the market from the national wheat granaries. In the event of any shortage of British and Dominion supplies, and a tendency to increase all prices in the market, the National Purchase Corporation would release additional foreign wheat so as to prevent prices from rising. If prices were falling below the figure at which it had been decided to stabilise, the supplies of foreign wheat would be curtailed or temporarily shut off so as to keep the price stable.

The advantages of the scheme seem to be: First, it would involve the very minimum of control; British agriculture would be left entirely free; and control would only apply to a certain phase of wholesale business—the actual importation of foreign goods into Britain. The second advantage would be the elimination of fluctuation. In the interests of both the producer and the consumer, fluctuation of price is generally detrimental. Fluctuations only benefit the speculative middleman. When prices soar, the producer rarely receives the full value of the increase, but the consumer invariably has to pay it. A severe fall in wholesale prices is very rarely fully reflected in the retail price to the consumer, but is always completely felt by the producer. It would therefore seem that stable prices would benefit both the producer and the consumer. It seems possible that a system of this sort, if found workable, might enable us to realise fully all our three objectives.

I apologise very much to the Conference for having gone at such length into these matters, and I want to make it perfectly clear that I do not suggest that any of the proposals provide the certain solution of the trouble we are up against; but I do think it may be helpful to the members of the Conference to have all these matters kept under their review, because the question of securing

the British market for the Dominions—and I am speaking for the Dominions as distinct from British agriculture—is imperative.

EXAMPLES OF ACTION TAKEN BY FOREIGN GOVERNMENTS

I think we must face this problem with very open minds. Most of you will have observed that in America the position with regard to production has become so acute that the President is now taking quite definite action to stabilise prices for the producer of wheat. The world over people are having to do something of this sort; we are reluctant to do it; it is alien to our traditions, but if the rest of the world is going to do this sort of thing we must consider our position very seriously. Take Australia's position. A great country like the United States of America considers it worth while to take action of this character, which is certainly foreign to her traditions also, in order to make production pay and provide good employment for her people. If Australia and other great primary producing countries in the Empire cannot make their production pay they may gradually go out of production altogether. This would have an extremely serious effect upon Britain and upon the whole of the Empire. That Britain, for her own sake, will be compelled to do something with regard to this matter, quite apart from the development of the Empire, and purely with regard to her own food supplies, appears to me to be becoming increasingly evident. Strangely enough, I had a cable to-day which, I think, throws a great amount of light upon the present position of the British food supply. It reads as follows:—

> "With the object of enhancing values cattle, Argentine Government has passed legislation fixing minimum price export beef. This affords striking illustration of what Great Britain may expect when dependent on foreign sources for supplies."

The latter part is obviously the prejudiced opinion of the gentleman who sent the cablegram. But the point is certainly this—taking that particular instance—that the present position in the meat trade is such that to a very considerable extent Australia will be driven out of meat production unless some alteration takes place. If one of the meat producers of the world inside the Empire disappears, it is going to be more easily possible for foreign suppliers to do this sort of thing, and not at their own expense; they will certainly be doing it at the expense of Britain, which is the best market that is open to them.

For these reasons I certainly urge that this question has to be considered without prejudice and, if possible, by casting aside all our preconceived ideas in regard to these matters.

IMPERIAL ROYAL COMMISSION SUGGESTED

Now I have a practical proposal to put forward. It is this. The question of securing the British market for Empire and British agriculture is, to my mind, the outstanding question of the moment, and we have to try to do something in regard to it. The only effective method that I can see is to immediately appoint an Imperial Royal Commission to take into consideration without delay these questions and the schemes that I have put forward, and any others that may be advanced, with a view to making a recommendation to this Conference as to what action they consider would effect the objects that we have in mind. I understand, of course, that somebody will say that the time is too short, that we shall be sitting here only a month or perhaps five weeks, and that it could not be done in the time. I, personally, cannot see why it could not be done if we were quite determined to do it, and obtain a recommendation. There is no further enquiry necessary; Britain has had Royal Commissions which have enquired into almost everything. The whole of the facts are there; everything is

known. All that is necessary is to appoint an Imperial Royal Commission, with a personnel that would command the confidence of the whole of the people of Britain and of the Dominions, to consider these schemes and to go into this question. It would only need to consider the information already available, and to make a recommendation to this Conference. That is the suggestion I make.

I offer very sincere apologies to the Conference for having spoken at such inordinate length, but I think you will realise that Australia regards this question as of paramount importance. Our obvious sincerity with regard to it may perhaps excuse us for the infliction of so long a speech upon you.

PUBLICITY

Among the first questions considered by the Conference was the extent and nature of the publicity to be given to its proceedings. The Conference decided that as much publicity as possible should be given in the course of its meetings, and that a summarised report of the general results of the deliberations of the Conference should be published as soon as possible after its termination. In order to ensure the fullest day to day publicity, it was agreed to make arrangements similar to those made in connexion with the Imperial Conference, and Mr. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster, was accordingly placed in general charge of the arrangements for publicity and was asked to be present at the Meetings of the Conference for this purpose.

AGENDA

A Draft Agenda prepared by His Majesty's Government as a basis for discussion was submitted to the Conference at the commencement of its proceedings and was adopted. The subjects of the Agenda were in general outline as follows:—

1. Oversea Settlement within the Empire.
2. Co-operation in Financial Assistance to Imperial Development.
3. Imperial Preference—
   - (1) Tariff Preference.
   - (2) Imperial Preference in Public Contracts.
4. Further Steps for the Improvement of Mutual Trade—

(A)—Imperial Co-operation in respect of Commercial Intelligence—
- (i) Commercial Diplomatic and Consular Services.
- (ii) Commercial Travellers' Samples.
- (iii) Trade Catalogues.

(B)—Statistics.

(C)—Imperial Communications—
- (i) Shipping—
  - (*a*) Imperial Shipping Committee.
  - (*b*) Carriage of Goods by Sea.
- (ii) Air Navigation.
- (iii) Cables and Wireless.

(D) Reciprocal Enforcement of Judgments, including Arbitration Awards.

(E) Imperial Co-operation with Reference to Patents, Designs and Trade Marks.

(F) Economic Defence.
(G)—Customs Formalities—
(i) Valuation of Goods for Customs Duty Purposes.
(ii) International Conference on Customs Formalities.
(H)—Empire Currency and Exchange.
(J)—Co-operation for Technical Research and Information.
(K)—Immunity of State Enterprises.

5. Imperial Policy with Regard to the Import and Export of Livestock.
6. Imperial Policy with Regard to Forestry.
7. Workmen's Compensation.
8. Imperial Economic Committee.

In the following pages each subject of the above Agenda is treated separately and in the order of the Agenda, the relevant memoranda and reports being printed after the account of the proceedings under each main head.

OVERSEA SETTLEMENT WITHIN THE EMPIRE

In discussing the question of Oversea Settlement the Conference had before them the Memorandum I.E.C. (23)-1, printed on page 121. The proceedings were opened at the Third Meeting, held on the 5th October, 1923, by Colonel Buckley, as follows:—

Colonel Buckley: Any discussion on Empire Settlement, if it is to be really fruitful, should be a frank discussion. The subject is so important, so vital to the best interests of our Empire, that to hedge it around with finesse would be fatal to its true interests. Therefore in my account of what has been accomplished under the Empire Settlement Act I propose to be perfectly frank in dealing with the difficulties which have confronted us, and in that spirit I invite discussion, assistance and criticism. We shall never see this problem in its true perspective, nor attain the conclusions which will bring us within measurable distance of its solution, unless we are prepared to speak fully what is in our minds.

THE 1921 CONFERENCES

The present Conference will remember that the policy of State-aided Empire Settlement, which is now in operation, is the outcome of two Conferences which were held in 1921. The first Conference took place in January and February of that year. The opening meeting was presided over by Viscount Milner, at that time Secretary of State for the Colonies and President of the Oversea Settlement Committee, and at subsequent meetings the Chair was taken by Mr. Amery, who was then Chairman of the Committee. Ever since the Armistice, Mr. Amery has been most intimately associated with this work; and I believe that this great problem of Empire Settlement has been, and is, one of the absorbing interests of his life. He is here to-day, and will, I hope, speak at a later stage of our proceedings.

This first Conference of 1921 decided to advocate co-operation in a comprehensive policy of Empire land settlement and Empire-directed migration between the Government of this country and the Governments of those parts of the Empire suitable for settlement from these islands. That Conference appears to have taken a wide view of this problem, and here I should like, if I may, to say one word of recognition of the valuable help given by the chief Australian delegate, Senator Millen, whose death unfortunately occurred a few weeks ago.

The Conference were of opinion that Empire Settlement should be of great value in establishing and strengthening the Empire, and in distributing in those parts of the Empire where they are needed a population whose ideas and sympathies are British. Accordingly, they proposed that the Governments of the Dominions concerned and of this country should join in a policy of co-operation, both financially and in all other respects, for assisting the settlement of migrants from this country in other parts of the Empire.

The Prime Ministers' Conference which met in June wholly endorsed the recommendations of the earlier Conference and passed a resolution in favour of effective co-operation, subject to Parliamentary sanction, by the several Dominions, though General Smuts would, I think, wish me to remind you that he pointed out at the 1921 Conference that South Africa, as affording only a limited field for white labour, would be precluded from co-operation in the same lines as were contemplated with the other Dominions.

PROVISIONS OF THE EMPIRE SETTLEMENT ACT, 1922

As the result of these two Conferences, the Empire Settlement Act was introduced in the House of Commons and became law on the 31st May, 1922. The Act empowers the Secretary of State for the Colonies, who acts on the advice of the Oversea Settlement Committee, to co-operate with Dominion Governments or with public authorities or public and private organizations, either here or overseas, in carrying out agreed schemes for the joint assistance of suitable persons in this country who wish to settle overseas. Agreed schemes may be either development or land settlement schemes, or schemes for assisting with passages, initial allowances, training or otherwise. The limit of financial assistance by the Home Government was £1,500,000 for the first year and then £3,000,000 for each of the next fourteen years. By the passage of this Act of Parliament, this country, following the precedent established after the Napoleonic Wars and pursued thereafter for half a century, has inaugurated a definite policy of State-aided Empire Settlement.

RESULTS ACHIEVED UNDER THE ACT DISAPPOINTING

No time has been lost in framing agreements under the Act. Passage agreements have been concluded with Australia and New Zealand and the Government of Ontario, and, as regards certain classes of migrants, with the Canadian Government. Important agreements for land setlement have also been arranged with three of the Australian States, Western Australia, Victoria and New South Wales, and a number of minor schemes have been initiated in co-operation with bodies such as the Salvation Army, Church Army, etc. Yet the number of persons who have actually proceeded abroad with assistance accorded under the Act since its passage in the summer of last year is relatively small: 23,479 have gone to Australia (I am taking the figures up to the 30th September); 4,502 to New Zealand, and 3,851 to Canada, making a total of 31,832; and in addition some further 7,000 persons have been approved but have not yet sailed. Our actual cash commitments under this Act amount to £305,000 in the case of Australia; £32,000 in the case of Canada, and £45,000 in the case of New Zealand, making a total of £382,000, as against authorizations of £1,500,000 up to the 31st March last, and £3,000,000 for the current financial year.

These results, it must be admitted, are disappointing. The numbers who have gone overseas are infinitesimal in comparison with the needs of the movement, and they fall far short of the numbers contemplated for absorption under the schemes to which I have referred. The assisted passage schemes, for example, were originally designed for the absorption of 50,000 per annum to

Australia, 10,000 per annum to New Zealand, and 17,000 per annum to Canada; and, in addition, the settlement schemes with Australia were to provide for about 18,000 persons, making a total of 95,000 altogether in the year. Nor is it possible to feel any very great confidence that the position will be much better in 1924.

SIR W. WINDHAM'S MISSION TO AUSTRALIA AND NEW ZEALAND

Australia, as I have indicated, has taken hitherto a larger number of settlers than any other Dominion, and may in the current year reach a total of about 25,000. On the cordial invitation of the Australian Government we sent an important delegation early in the year to Australia under Sir William Windham, an experienced official, who has special knowledge of migration problems. They have spent some months visiting the whole area of settlement in Australia and are at this moment in New Zealand. It has not been possible for the delegation to send us their complete reports in time for their utilization at the Conference, and it would not be fair perhaps to attach too much weight to such preliminary impressions as they have been able to communicate to us up to date, but in his last letter Sir William Windham states that he doubts whether migration to Australia in 1924 is likely to exceed 50,000 persons. I understand, and Sir James Allen will doubtless correct me if I am wrong, that New Zealand is not likely to increase in any conspicuous degree her absorption of migrants next year, and the same would appear to apply to Canada unless Mr. Graham has some new proposals to put before us. Similarly, as I have already said, the amount of our financial commitments fell far short of the £1,500,000 authorized by Parliament for expenditure in the first year, and shows no prospect on the present basis of approaching the £3,000,000 authorized for the future.

WHAT ARE THE CAUSES OF THESE POOR RESULTS

It is not, therefore, any difficulty as to finance on this side which stands in the way, and it seems to me that one of the first questions which the Conference has to consider in dealing with oversea settlement is the problem of the causes which have contributed to the somewhat meagre results which so far have been attained. Are these causes economic; are they political; are they psychological? Is there any lack of organization or of enthusiasm here? Is there in the Dominions any lack of organization or any want of confidence in the movement?

SOME ENCOURAGING SIGNS FOR THE FUTURE

Whatever the cause may be, I would venture, so far as the Home Government is concerned, to claim that the passage of the Empire Settlement Act and the action which has been taken under it alike prove that we have been, and are, wholly in earnest in our endeavours to promote the new policy. On your side, too, it is impossible not to derive much encouragement from the recent utterances of Dominion statesmen. We have all read with great pleasure the recent speech of Mr. Robb, the Minister in charge of Immigration in Canada, in which he stated that the encouragement of British immigration will hold the first place in his programme, and that he hopes to secure the co-operation of the British Government under the Empire Settlement Act for extending his schemes. We have also noted the encouraging speech of the Governor-General of Australia at the opening of the Commonwealth Parliament last June, when he said that the migration policy of the Commonwealth was to act in full co-operation with the British and States Governments; that it is intended to develop the nomination system and to encourage private schemes for the development and closer settle-

ment of Australia; and that it is hoped, in co-operation with the States, to extend the facilities for the housing and training of settlers on arrival by the erection of suitable accommodation and the establishment of training farms. And we all, of course, have fresh in our memories the sympathetic manner in which Mr. Mackenzie King, Mr. Massey and General Smuts dealt with this topic in their speeches at the opening of the Conference.

SOME OBSTACLES TO MORE RAPID EXPANSION OF THE MOVEMENT

All this shows that both overseas and in this country this question, so vital to the prosperity of the Empire, has been receiving the closest attention of the several Governments. Yet progress is slow.

I cannot avoid the feeling that if the Empire is to be populated and developed by people of British birth and British blood the movement must be quickened. What we have to consider now is how best to quicken it, while at the same time adopting a policy which will not force the pace beyond the limits of its economic possibilities.

(1) *Economic.*

Perhaps the primary difficulty in the way of the rapid expansion of Settlement is economic. It is unfortunately the case that many of the circumstances that make us specially anxious to stimulate this movement are themselves obstacles to its progress, as a study of statistics on the subject will show. The graph of pre-war migration given in the final report of the Dominions Royal Commission shows a startling fall immediately after the slump of 1907 followed by a very rapid rise as trade began to recover. The same causes, in fact, which bring about unemployment also hinder migration. Good times and good trade at home and overseas afford the best opportunity and the liveliest encouragement for the would-be settler to launch forth on his new experience and make his success more certain; and the successful settler as we all know is the best propogandist for migration. Such conditions unfortunately have not existed during the past two years.

(2) *Political.*

We and you alike have our political difficulties also to face. In this country the policy of Empire Settlement has met with opposition from certain extreme elements. Every case of failure is widely advertised, and publicity, which has deliberately been given to these cases has, within our knowledge, adversely operated against the movement. You, too, I can conceive, in the Dominions encounter similar difficulties, especially in times of depression such as the present, from those who fear that the introduction of fresh workers, even though destined for agricultural occupations, may affect employment and wages.

(3) *Psychological.*

Lastly, there are what may be termed the psychological difficulties. Many feel a not unnatural timidity at the idea of leaving their homes, of cutting themselves adrift from old associations and setting out to seek a new life in a strange country, where they fear that even among those of their own race they may perhaps not find themselves welcome. Even in these days of rapid communication it is not little thing for men and women to make up their minds to travel across half the world to Australia or New Zealand and to make their homes so far from their native land. Canada, of course, is comparatively near, and the fact that it is within a voyage of a few days' duration from this country probably accounts in no small measure for the fact that a much larger proportion of migrants go there without assistance than to the other Dominions.

RELATION OF GENERAL ECONOMIC SITUATION TO OVERSEA SETTLEMENT

Some of these difficulties no doubt are not immediately remediable or at least are not remediable by measures which come directly within the ambit of the Settlement question. The economic problem, the problem of restoring trade and especially of the development of inter-Imperial trade, is the subject matter of the Conference as a whole. It will be dealt with under other heads and perhaps we need not do more here than note its close relationship to settlement Nor do I think that it would be desirable for me to follow up the suggestions thrown out by Mr. Massey and General Smuts at the first meeting of the Conference as to the connection between Settlement and Imperial Preference. That, as I have said, is for consideration in another part of the Conference. But on the general question of the bearing of the economic situation upon Settlement I would just like to say this. We cannot expect to make water run up hill or to work economic miracles; we must adjust our plans to what is economically possible and economically sound, basing our judgment on the situation as we and you know it. And it is just *because* of those abnormal difficulties that we have met to seek a remedy. It is just because political unsettlement and commercial dislocation still overshadow the trade of Europe and infect by their widespread contagion the health development of commerce in general, that we turn more eagerly to developing Imperial resources. We in these islands are fortunate in partial or comparative isolation from the worst troubles of our neighbours in Europe. We have reached at last a more stable basis of prices, which is the foundation of commercial confidence, and that confidence and stability belong to the Empire as a whole. We believe in you, in your capacity for development, in your assured progress and prosperity, and, holding that faith, we need not regard our economic difficulties as an insurmountable barrier to progress.

DETAILS OF SCHEME NEED IMPROVEMENT

As regards the political and psychological obstacles to migration, it is our duty I would suggest to take every precaution both on our side and on yours to secure, so far as it is humanly possible, that failures shall be eliminated and that, alike in small matters and great, would-be settlers shall receive the utmost consideration in their recruitment here, their journeying overseas and their reception in the Dominions. I would suggest therefore that when we go into committee we should scrutinize vigorously the possibilities of improving the arrangements for selection and recruitment of migrants in this country and for their reception and supervision overseas; that we should examine the question whether more might not be done in the matter of training; and whether the strangeness of new surroundings, the deterrent effect of the vast distances which will separate the new settler from his home and all that he has known in the past, could not be mitigated by some system of group settlement which would enable settlers from some particular county in Great Britain, or groups of persons bound together by religious or social ties, to be established together in the same area overseas. We have given much thought here to possibilities under these various heads and I shall hope to be able to make some suggestions when we are discussing these matters in committee.

DIFFERENT CATEGORIES OF SETTLERS TO BE ENCOURAGED

I think also we need a clearer idea as to the particular categories of settlers who shall be encouraged.

(1) Juveniles

I place juveniles first. Youth and adaptability are the chief qualifications for successful migration, and the young provide the Dominions with the best material for the foundation of the citizenship they require. On our side we have in this country something like 550,000 young people, rather more than half of them boys, leaving school and coming upon the labour market every year. The problem of absorbing them into industry at the moment is an exceptionally grave one, and the times seem peculiarly apt for encouraging their migration overseas.

(2) Families.

After juveniles, I place family migration. This is the ideal form of migration, but it is a difficult one to deal with. The need of maintenance for the mother and her children while the father is finding his feet, and the need of housing accommodation are both obstacles, but splendid types of settlers are turned away in large numbers every year simply because they have family ties, and I feel very strongly that we ought to grapple with this problem.

(3) Women.

Female migration, too, is a most important branch. Your vital statistics show a marked excess of men over women, a startling contrast to the situation in Great Britain, and the more remarkable still when one reflects upon the heavy losses of men in the war. Yet women are essential to settlement. They are wanted to help in creating the new communities and making the new homes and the new home life which must be established if new districts overseas are to be successfully opened up. Here in Great Britain, as you are no doubt aware, we have a large excess of women over men, amounting at the last census to nearly 2 millions. On the other hand, the tendency is for male migration largely to exceed female. In the forty years, for instance, between 1871 to 1911, the number of male migrants from England and Wales exceeded the female by nearly 600,000. The mutual advantage of some adjustment of the female population is obvious.

(4) Public School Boys.

About one other category I should like to say a word. Owing to the reduction in the Army and Navy, the Civil Service, and particularly the Indian Civil Service, the opportunities for the boys of our public schools are far fewer than they used to be, and they are now looking further afield. In these days many of them would be unable to settle overseas without some assistance, and I venture to think this is an opportunity which you in the Dominions might well wish to take into account.

SUGGESTIONS INVITED FROM DOMINIONS

In this statement I have tried to tell you what has been accomplished, to outline the difficulties which attach themselves to the problem of Oversea Settlement and to indicate certain lines on which we think progress might be made. Let me add that we also look forward eagerly to receiving suggestions from the representatives of the Dominions who are here assembled. As is recorded in the memorandum already in your hands, His Majesty's Government are prepared on their side to consider any proposals that may be put forward by you for co-operation in schemes of Empire Settlement and Migration.

POLICY UNDERLYING THE MOVEMENT

May I, in conclusion, say just one word about the policy which underlies the whole movement? It is a great policy, a noble policy and a vital policy.

I hope I have said enough to show you that we are in earnest about it. We do not look upon it as something which will enable us to avoid our own especial responsibilities. We are looking to the future, not thinking so much of the present. We see in this country that a disproportionate number of the people are wholly at the mercy of fluctuations in trade and that these fluctuations again are subject to the caprice of world-wide conditions which we cannot control. With us world trade is inevitable and indispensable, but we know too that a more highly developed Empire means stability and strength, and, stable and strong as is our position now, will make our people yet stronger and more secure in the years to come.

DISCUSSION ON COLONEL BUCKLEY'S STATEMENT

Mr. GRAHAM: Mr. Chairman, it is a subject on which I would at once plead comparative ignorance—I say comparative because I have some knowledge of it—but never having been very intimately associated with the subject of immigration, it is in a sense new to me. I think the situation or the influences that retard immigration are perhaps more psychological than anything else. We cannot apply the same principles, the rule of three, to any branch of either public or private service as we could before the world was turned upside down. We have to approach all these things from a different angle, as we are appealing to a different state of mentality.

RESULTS OF SETTLEMENT SCHEME IN CANADA

In Canada the advantage that has been taken under the Settlement Act has been productive of, we think, satisfactory results. It must be remembered it was only in May last that Canada proceeded to take advantage of the provisions of this Act, and since that time there has been a rapid improvement, comparatively speaking, of British immigration to Canada. To make a comparison of the British immigration, in 1922 for the first four months, April to July inclusive, there were 16,000; this year 1923, for the same four months, there were 29,500, an increase of nearly 100 per cent. I might say, broadly, Canada is prepared not only to accept but to endeavour to secure every British immigrant that she can absorb with advantage to the immigrant, the Empire and herself.

NEED FOR A "FOLLOW-UP" SYSTEM IN DEALING WITH NEW SETTLERS

A dissatisfied newcomer is, perhaps, the most dangerous advertisement a country can get, and it invariably is the case that among a hundred settlers there will be one or two who will be discontented, and they can do more harm than ninety-nine can do good in the way of advertising the place to which they come. That is one reason why the Oversea Dominions felt it essential that they should only endeavour to secure (and an endeavour should only be made to send them) people who are likely to become contented settlers under fair conditions.

The Government has recently made a change in the Portfolios. For some months—for something over a year—the Department of Immigration has been under the management of a Minister who had three or four Departments under him. During the last few weeks, the Hon. James Robb has been appointed Minister of Immigration, and I think it is useful for the Conference to know that there has been attached to that Department for the first time what is known as "The Soldiers' Settlement Board." It was in the Department of the Interior previously, but under the new arrangement it has been attached to the Depart-

ment of Immigration. The reason for that is that the machinery provided for the settlement of soldiers has proved efficient and it is thought that it can be applied with equal efficiency, without the necessity of establishing any new machinery, to the settlement of all newcomers.

It is readily understood, I think, by all who have taken any interest in this question that the securing of a new settler to any country is only the beginning of the steps that are necessary to make his coming a success. What might well be called a "follow-up" system is of more or as much importance as securing the newcomer, because, as has been well pointed out in the remarks just made, which are very comprehensive, distances are great; they are not only great from their original home, but they are great in the new countries themselves, and there should be some method of following up. You first meet the settler and make him welcome; second, escort him to his new home; third, visit him in his new home, through some machinery to see how he is getting along, and to let him understand that not only the place from which he came but the people to whom he has come are taking an interest in his welfare.

CO-OPERATION OF CANADIAN RAILWAYS

We have come, in Canada, to the conclusion that that is one of the chief things in immigration, not only to get the settler, but to look after him after he arrives. I might point out that in addition to that, we have, during the past few months, formed an organization, in which the two great railways—the Canadian Pacific Railway and the Canadian National Railway and the Government, are parties. These three, for the first time in the history of Canada, I think, have formed an organization for the purposes of immigration work.

LARGE MAJORITY OF CANADIAN SETTLERS CONTENTED

In the press, too much has been said—more than the circumstances warrant—as to the condition in which some settlers a few months ago found themselves. We had an investigation made, and I am safe in saying that conditions are not at all as they were represented to be with these new settlers, and 95 per cent of them at the present time are quite contented and will, I believe, make good for themselves and make excellent settlers for the Dominion of Canada. The details of these things will be threshed out in committee, but I want to make it clear that the Dominion of Canada is in sympathy with this project, having taken advantage of it in a measure up to date, and is prepared to discuss any measure that will enable our country to secure as many settlers from the British Isles as we can absorb to their advantage, to yours, and to ours.

NEW ZEALAND SHARES DISAPPOINTMENT AS TO RESULTS OF SCHEME

Mr. MASSEY: Owing to my having been detained by another engagement I have only heard what has been said in the last two or three minutes, and I have not heard the statement by the Minister. Sir James Allen is here; he has really had much more to do with this matter than I have, and he will make a statement on behalf of New Zealand.

Sir JAMES ALLEN: At the outset, I desire to say that I am quite sure New Zealand recognizes to the full the very liberal way in which the British Government has dealt with this problem, and we are as disappointed as you are that the scheme has not provided for that very large movement of settlers from here to the other Dominions that we all hoped and expected it would.

NECESSITY OF AVOIDING LABOUR ANTIPATHY

You want a frank statement from us as to our difficulties, and I will be frank. One of our difficulties—and I suppose the same difficulty applies to all the other Dominions—is so to regulate migration into New Zealand that we do not create an unnecessary antipathy on the part of the Labour people themselves. We are constantly up against the opposition of Labour men who say we are bringing others out to compete with them and to lower their wages. We have avoided that in New Zealand so far, but it is a difficulty when you contemplate extending the scheme, unless you can by some economic means provide for the absorption of these settlers without interfering with the existing labour in the country.

GOOD TRADE A PRELIMINARY TO INCREASED MIGRATION

On the economic side you yourself touched upon the main issue. Unless we can successfully trade with you or with the outside world, unless we can receive a good return for the labour of our farmers and others and are therefore more or less prosperous, we cannot absorb large numbers of migrants. Our occupations are largely seasonal and things may be bad in the winter time, and sometimes are, with temporary unemployment amongst our own people. It is an economic question. If we are prosperous we can absorb more people.

NO LARGE AREA AVAILABLE FOR SETTLEMENT IN NEW ZEALAND

It is possible that means may be devised to find room for further migrants on lands in my own country, and I wish to say here that I realize circumstances may differ in other countries—and they do. For instance, in the great countries of Australia and Canada you have large areas of land which are available for settlement which we have not got in New Zealand. Our land now is comparatively limited, so that New Zealand cannot, generally speaking, provide the large land settlement schemes which are feasible probably in some of the other Dominions. In New Zealand we have not a large area of land available for settlement; indeed, we have been cutting up our large holdings and providing for smaller settlements. There is still a certain amount of land available, but there are a considerable number of our own people, sons of farmers and others, who are looking to that cutting up—the opening up of native lands—for homes for themselves; so that the amount of land available for settlement in New Zealand cannot be compared with the amount for new settlement that may be available in Canada or Australia.

PROMISING RESULTS OF NOMINATION SYSTEM

But apart from the difficulty of absorption and finding work, there is the difficulty of housing. That will be got over in time, but it is a question of finance, and, when you come down to the bottom of this settlement question, so far as New Zealand is concerned, it is a question of economics and finance. If we are successful we can absorb people. If we have the money to open up lands or create new industries we can make room for more people. So far as I can see, that is the only way. It was because of the difficulty with regard to housing and absorption—we had, as you know, after the war a very severe slump which, I am thankful to say, has gone now—it was because of that difficulty, which, for the time being, set us back, that we had to adhere to a scheme already availed of by which our new settlers were brought out under a nominated system; that is to say, the nominator in New Zealand guaranteed to find housing and work for the new settler on arrival.

We had worked under that system for some time and are working under it now. There is one promising feature about it which is rather a surprise to me. Whereas in the later part of 1922 and the earlier part of 1923 it looked as if the nominated system was not going to supply us with the 10,000 which we set ourselves to take every year for five years, nevertheless, in the last six months there has been a constant improvement in the number of nominations, and I am very hopeful that next year we may reach the full 10,000 under the nominated scheme, which is a safe one. It avoids difficulties with our labour people, it assures a home and work for the settler on arrival. Whether the number of nominations has increased because of the new settler or not, I am unable to say. From the inquiries of my Department I am inclined to believe that it is possible that the new people who have gone out have been successful, have seen the possibilities; and have nominated others to go. If that be true, we may look to the nominated system to increase by degrees and provide us with even a larger number than the 10,000, and I presume, Mr. Massey, that if, under the nominated scheme, there were more than 10,000 nominated, it would be safe for you to say that you could absorb them?

Mr. MASSEY: Quite.

Sir JAMES ALLEN: Before dealing with the type of settler, the only other possibility, so far as I can see, is by the utilization of capital to develop either what lands there may be available, or other industries, in order to provide work and homes for additional settlers other than those we are now providing for in New Zealand. Given that capital, given this further development, I see no reason why we should not absorb a fairly large number of additional people each year.

NO DIFFICULTIES WITH FAMILY SETTLEMENT

I do not think it is necessary for me to go into the type of settler. That is a matter of detail. We, of course, want those with energy, strength, and ability to work and make their own way. We have been taking families, as you know; and, fortunately, under the nominated system, we have found no difficulties with the families so far.

PUBLIC SCHOOL BOYS

I am very strongly in favour of trying to absorb some of your public school boys, and have done what I could to secure cadetships for some of them in New Zealand with farmers. So far, fortunately, I have been able to secure a few. Whether that could be extended much wider or not I am unable to say. I doubt whether it is possible to extend very widely the absorption of public school boys as cadets on farms, to train with farmers. I do not need to go into the details of the type of immigrant, because that naturally will be thrashed out in Committee. I have put to you, as shortly as I can, what really are the difficulties and the possibilities with regard to absorption in New Zealand.

NEW ZEALAND'S SOLDIER SETTLEMENT SCHEME

Mr. MASSEY: I would just like to add a word to what has been said by Sir James Allen. I mentioned at one of these meetings—I cannot recollect whether it was in this room or at Downing street—the fact that we had, a few years ago, taken in hand a somewhat extensive system of soldiers' land settlement in New Zealand; that is to say, we wanted to give the returning soldiers who desired to go upon the land every opportunity to do so. The Government found land for them, sometimes of their own selection, and bought at compara-

tively high prices, and we found capital to purchase their stock and make the improvements that were necessary.

Then along came the slump or commercial depression to which Sir James Allen referred, and a great many of these men got into difficulties. I cannot recollect the exact number that we had assisted, but, speaking from memory, I should say between 25,000 and 30,000 men. This sort of thing meant a very great deal of work, but I think that during the last twelve months we have been able so to arrange matters and so to assist these soldier settlers that they will get on without further difficulty. We had also a number of young fellows such as Sir James Allen referred to, sons of farmers and others belong to the country, who have been waiting for an opportunity of going on to the land themselves. We are now taking them in charge. It is quite correct that we have not the large unoccupied areas that are to be found in Canada or in Australia.

BUSH AND SWAMP LAND NOT IMMEDIATELY AVAILABLE FOR SETTLERS

There is just another factor in connection with land settlement. As compared with Canada, for instance, any ordinary farmer or farm-labourer can go from England and if he has got the capital required for a start in connection with wheat growing, for instance, he can go ahead; but you cannot do that in New Zealand. We have no land in New Zealand that will grow wheat right away. I am now speaking of Crown lands. The Crown land that is left is either bush or swamp, and the bush has got to be felled and burned at the right season of the year, laid down in grass, and stocked for a number of years before it is fit for agricultural purposes. It is all right for pastoral purposes, sheep or cattle, as the case may be. As to swamp land, it has to be taken in hand and drained, and it will not grow wheat for a number of years. If it is good swamp land it is not long before it carries stock and does very well indeed; even for dairying purposes it does quite well.

These are some of the difficulties that we have to deal with in New Zealand. Just at present we have probably a million acres of Crown land being made available, and assistance has to be given by the Government in the way of draining those areas of swamp land and getting them ready for the settlers During the coming summer—that is to say, September in New Zealand is a spring month, so is October after October we get into the summer, and then the land will be made available for settlers, and I have no doubt a fairly large area will be available in the coming summer. I gave instructions before I left New Zealand that that was to be done. Of course, there is the fact that just at present, and especially since we experienced the slump of a couple of years ago, we have a good deal of opposition from the Socialistic Labour Party. They say: "We are quite pleased to see our comrades here, but we want to make certain that there is work for them to do and houses for them to go into," and all that sort of thing.

HOUSING DIFFICULTY

Speaking of the houses first, the population in New Zealand is increasing steadily; there is nothing sensational about the increase; but I should say the population is increasing at the rate of 50,000 a year at present, and as the population further increases, so will the number of additional settlers. But I want to speak very plainly. We cannot provide good houses for all the settlers that are coming to New Zealand. They must be prepared for a time to rough it to a certain extent. So far as my country is concerned—I have known many failures—but I have never known an industrious man and an industrious

family go there, who exercised the ordinary industry that is characteristic generally of British people, who did anything else but succeed. I cannot think of a single one—and I have known thousands—who did not succeed if he took his coat off, as my own people had to do when they first came out. That is one of the troubles.

URBAN POPULATION UNSUITABLE FOR SETTLEMENT ON LAND

Now take the people in the cities, in the manufacturing towns of this country. My opinion is that it is of very little use putting them upon the land —I am speaking now of New Zealand land. They have not the experience, and I am afraid that they generally get very tired of it before anything in the way of a profitable return comes to them.

THE "GROUP SYSTEM"

Regarding the group system (if by this is meant the Socialistic idea which was tried some years ago in South America and failed utterly), I may say I am certain that such a system would not work as applied to agricultural pursuits in New Zealand. The man who tackles work on the land in New Zealand must be prepared largely to rely on his own individual industry and hard work.

NEW ZEALAND'S NEED FOR SKILLED LABOUR

The people who are in demand at the present moment in New Zealand are tradesmen, builders, bricklayers, and carpenters; they are the people whom we want. I have returns showing that for quite a long time past bricklayers and carpenters have been earning an average of 2s. 6d. an hour, and some of them considerably more than that. There is quite a demand for them, and there is going to be a demand for the man who is not exactly a tradesman but a handyman and accustomed to any sort of work. He can get plenty of work; so can the man who goes out into country districts and takes to draining or fencing, and he is all the better for the experience which he gains in that way. We have a lot of that work waiting to be done.

TAX ON UNOCCUPIED LAND

We have a law on our Statute Book which has only come into operation this year, which provides that a man who keeps his land in an unoccupied state is required to pay 50 per cent more land tax than the man who improves his land. An addition of 50 per cent is a very serious item; it is a much bigger tax than the Income Tax, but it is going to have a very good effect. It will prevent the holding of land for speculative purposes and it will make more land available for settlement. Before I came away the owners of several blocks came to me and they said: "You are making it impossible to hold this land." It is being offered to the Government for settlement purposes and it will help us to find land for the new settlers from other British countries. I do not mean that we want to steal settlers from Canada or anywhere else. We have had a few come down and they are good men and are doing well.

NEW ZEALAND HOUSING SCHEME

I am glad to see settlers coming to Canada and to New Zealand if they are going to be successful. I don't care how many come if we can absorb them. Our emigration laws are very drastic, but where British countries are concerned there is no difficulty at all. However, that is the position, Mr. President. As

for the difficulty in regard to housing just let me say this. There is a Labour man out in New Zealand whose name I believe is not unknown in the House of Commons. I have forgotten it, but he is out there reporting upon the possibilities of settlement and he calls attention to the difficulties in New Zealand about housing. Every country, of course, has had this difficulty, and it is very hard to account for it. I know you have been providing bonuses for house building in England. I have been surprised to see the number of residences that have been built in the suburbs of London during the last two years. I am thinking more of the cities than of country districts for the moment, whole streets of houses have been built up during the last two years.

We have recently brought into operation a scheme in New Zealand which provides for loans to industrious people and people of good character who are anxious to become their own landlords, and we lend them money for the purpose. Last session I asked Parliament to agree to an amendment, and Parliament agreed to it, providing that a decent man with good character and who wanted to provide a home for himself and his family could borrow 95 per cent of the money required to pay for the building, and to pay for the section on which the building is intended to stand, and we let him have the money at 4½ per cent. Even before I left the Dominion the applications were pouring in, but I believe that is going to remedy the difficulty to a very great extent. The scheme will provide houses where it would not be possible for the applicants to provide them for themselves and by this means the housing difficulty will disappear before very long. The improved financial position of the Dominion enabled the Government to provide the necessary capital.

DAIRY FARMING IN NEW ZEALAND

Then in regard to dairy farming, which is becoming the most important of our primary industries in New Zealand, that is where most of the people with a limited capital, but who are able and willing to undertake hard work, go. They go dairy farming, and the history of hundreds and thousands of these dairy farmers is intensely interesting. I do not think you will find one in twenty who did not start as a working man practically without any capital, but with the exercise of thrift, industry and hard work on the part of themselves and their families, in a very few years these people are owning dairy farms themselves. Most of the dairy farming is done in this way. A man who has good land, land fit for dairy farming purposes, buys dairy stock up to the carrying capacity of his land; then he looks around for a family to milk, on shares. The family looks after the milking and carts the milk to the nearest factory or creamery and they get half profit, half the price of the milk and half the value of the young stock they are able to rear. They are often able to save £200 or £300 a year, and after working for a few years they look around for land for themselves. They do better than any one else, but I do not advise any one who is not prepared to tackle hard work to go to dairy farming. It means seven days a week or twelve to fourteen hours a day. If they choose to go to it it is their business, but I do not take the responsibility of advising them. If a man comes to me and says he is going to farm in New Zealand and he wants advice as to what to do, I say go to sheep farming. They don't need to work so hard for so many weeks and so many months in the year. It is very much easier and quite interesting, but there again experience and capital are wanted.

NEW ZEALAND ANXIOUS TO ABSORB AS MANY SUITABLE SETTLERS AS POSSIBLE

However, it all comes back to this. We are anxious to absorb as many as we possibly can of the settlers who are suitable for settlement in New Zealand. Every successful settler we put on the land in New Zealand or in any other

Dominion is another customer for your goods and manufactures and is another producer of the raw material and food which you require. I have spoken very candidly about New Zealand. While there are defects in the present system, I say by all means go on, and I am very sorry this system was not started twenty or twenty-five years ago. It would have been a very good thing for Britain and a good thing for the Dominions if it had been done.

MEANING OF THE "GROUP SYSTEM"

Colonel Buckley: May I correct what I think is a wrong impression Mr. Massey has got? By a group system we mean a group of people from this country living together in the same area, not a communistic or socialistic system.

Mr. Massey: I am glad.

Mr. Graham: Settled in districts.

Mr. Massey: I agree with that.

DIFFICULTY OF INDUCING PEOPLE TO MIGRATE

Mr. Barton: There can be no doubt about the enormous importance of this subject, its importance to you especially in present circumstances I think we all will realise, and its importance to us in the Dominions is also perfectly understood. You are, at all events you feel yourselves, at present over-populated; perhaps you are over-populated even normally. We, so far as European elements are concerned, are under-populated in South Africa. The difficulties of South Africa, causing the existence of what we call poor whites, are not due to an over-white population but to quite other factors that are known to you; and the filling up of what you may call the waste places of the Empire from centres where population is available, I do not suppose need even be discussed for a single moment. It cannot be doubted.

The difficulty always is how you are going to get the thing done, and I suppose for the main reason that people will not leave the land of their fathers and their own homes for generations and centuries past unless there is some very clear object of gain. They do not go out into the wilds for purposes of patriotism. If you put on a stiff income tax here you will probably find that as many of them as are affected by it will leave you, those who can afford to go. If you discovered diamond mines or goldfields anywhere you would not have to have any settlement or migration schemes for that purpose, but you have a great deal of trouble always in getting people to go out under conditions which are not quite those, and where they have to go and settle mainly on the land. Let me just say this: in South Africa we have had a great deal of experience of this particular matter and we have had a very varying experience. There seems to be no particular kind of test or any special line of criticism or of action by which you can judge of the probable success of any particular scheme.

SOUTH AFRICA'S EXPERIENCE OF GROUP SCHEMES

Mr. Massey seemed to be alarmed about group schemes, apparently more for political reasons than anything else, but I quite understand what Colonel Buckley has just said, that the group scheme was simply intended to be a kind of communal arrangement by which people would go who were going to live in one locality. It is a very interesting subject for consideration indeed whether the group scheme is not essentially superior to the indiscriminate firing of individuals into other countries. There is a great deal to be said for the group scheme. I need not go into details now. They are probably quite familiar to you gentlemen who have to deal with the matter here. We have had a great

deal of experience in South Africa of the group schemes of migration Some of them have been hopeless failures; some of them have been brilliant successes. In some cases a particular locality which has been settled on a group scheme has failed, and another group scheme years afterwards in precisely the same locality has been a brilliant success.

AN EXAMPLE FROM HISTORY

Well, it is very difficult to say what is the particular reason for the failure or success, but at all events there is one group scheme in South Africa the history of which has not been merely one of complete success but which has changed to a very substantial extent the history of our country. I think you referred to the post-Napoleonic war migration. Well, amongst the migration which took place then was one in 1820 of British settlers to the Cape of Good Hope. They were landed at Port Elizabeth, at what was then called Algoa Bay.

Mr. AMERY: Five thousand of them.

Mr. BURTON: I am told that the number was four thousand. Well, these people were landed at Algoa Bay, and they simply had to fend for themselves. They did so. They have transformed what is called our Eastern Province in the Cape of Good Hope into a flourishing agricultural part of the country; they have been eminently successful, and their descendants form to-day one of the most influential and important portions of our population. They have been there an eminent success, and to-day you have got actually going an organisation based upon the memory of that 1820 settlement in the shape of the 1820 Settlers' Memorial Association, which has been doing excellent work in an advisory capacity and in an assisting capacity in getting the right sort of man to come out to South Africa.

OTHER EXAMPLES, SUCCESSFUL AND UNSUCCESSFUL

Well, there have been other excellent settlements. There were some, I remember, which the British Government sent out itself in 1856 after the Crimean War. They were sent out, some of the German Legion and some of the English as well. They settled down round about East London, and later the Cape Government settled others in the Cape flats, which were absolute sandy wastes; they have converted that area into a blooming market garden, which supplies Cape Town with produce, and are doing remarkably well. Other settlements in other parts of South Africa have done well, too. Unfortunately, some of them have been hopeless failures, and one's experience evidently does not, even at this day, enable to say this is going to be a success, or it is not going to be a success.

NO ROOM FOR UNSKILLED LABOUR IN SOUTH AFRICA

Well now, at your last Conference South African representatives told you that South Africa could not do as much in this direction as the other Dominions because of our limited field for white labour, and in that connection you must always bear that practically controlling factor in mind. The ordinary unskilled labour of South Africa is done by the native in the main. The ordinary unskilled labourer of our country is the black man, and therefore it is quite impossible for us to negotiate the migration into South Africa of the ordinary unskilled labourer that you have in this country. It would be simply sending him to an already over-stocked market and he would probably be in a hopeless position. He must find his way there himself as an individual, and it will depend upon himself and circumstances, which I need not go into in detail now, as to whether he would succeed or whether he would not.

We have got to confine ourselves almost entirely to what you may call land settlement. The settlers for whom you make schemes to come from here to South Africa must be settlers who are going to settle on our land, and therefore must be prepared to become agriculturists. Well now, I think General Smuts, at the meeting in 1921, told you of these limitations and our inherent difficulties. You know what our population percentage is there. We have 1½ million Europeans and 5½ million natives. You can see what our position is, and wherever you go in South Africa—whether you go to the docks, whether you go to the mines, whether you go to the railways, wherever you go and wherever there is work to be done of the ordinary unskilled character (and indeed sometimes of a considerably skilled character)—the bulk of that work is done by the natives of the country. They do it extraordinarily well. They are excellent workmen and their labour is comparatively cheap. So we have to confine ourselves to the other aspect, and what I want to say this afternoon is this, that on a more recent review and more detailed examination of our situation in South Africa, I am happy to be able to say that we hope now to do a great deal more than we felt we were able to do in 1921, and you may rely on our assistance, our co-operation and our entire sympathy in the whole of this work.

NEED FOR AGRICULTURAL SETTLERS WITH A LITTLE CAPITAL

You will not expect me to go into details about that now as to what we can do. To some extent it depends upon the maturing of some of our larger irrigation schemes, where there may be a very large amount of land probably not taken up by our own people and which may be available, we hope, for settling people such as you have in mind. I would just like to say this, that, with regard to our terms, a good deal of trouble, I believe, has arisen and a good deal of criticism directed against South Africa, because it is said that before a man can come to our country he must have from £1,500 to £2,000 capital. They say that a man who has got that might as well remain in his own country. There is some sense in that, on the surface. But what I have just told you is that we want people to settle on the land.

Recently we have not done so badly for a comparatively small country like our own in that way. A good many people have come into South Africa, and the right class, but we must have people with some little means at all events, so that their settlement on the land can be something of a success. But, with regard to this limit also, this limitation upon the entry of agricultural settlers, we see our way to diminishing that, and very largely indeed to reducing any conditions of that sort which have to be imposed and which, as a matter of fact, are imposed really in the interests of the settler himself, more than for any other purpose. The terms we offer, I think, will compare favourably when the man once is there and is in a position to be assisted. Our terms compare favourably with the terms given by any of the other Dominions. I think I can say that quite fairly.

TERMS OFFERED TO LAND SETTLERS

Under our Land Settlement Act, we advance up to four-fifths—if I am not mistaken—of any amount required by the settler for purchasing land up to £1,600, and we also advance in a similar way up to £700 for stock and implements which he may require. Our difficulties hitherto have lain more rather in the indefiniteness of our provisions with regard to the actual obtaining of the land, but in this way and in others that I have mentioned we see our way to taking what I hope will be a material step, in advance, in the absorption of a larger number of settlers whom we think we shall be able to provide for, in addition to looking after those in our own country, who naturally have the first call upon our attention.

PREFERENCE

As to the details, I suggest that those should be discussed, as far as we are concerned, by a committee consisting of somebody from our side and some members of your own Government, who can go into that matter carefully and settle it.

Mr. INNES: I do not think I can say anything useful in this discussion because the whole subject is one which bears no relation, as I think the Conference will realise, to the state of affairs which obtains in India.

SETTLERS WITH CAPITAL NEEDED FOR RHODESIA

Mr. ORMSBY-GORE: I was not going to touch Malta or British Guiana. I should like to say a word about Rhodesia. It is largely for publication. What Mr. Burton has just said, of course, applies equally to Rhodesia, but as the new Rhodesian Government is not represented here, except indirectly through me, I would like to point out that, under the settlement with the British South Africa Company, the new Rhodesian Government this week comes into full possession of 50 million acres of unalienated land in Southern Rhodesia over and above the native reserves. One of its first objects will be to people those 50 million acres with settlers, if it can get them. The European population of Southern Rhodesia is only about 34,000 now, while the native population is between 800,000 and 900,000. I am quite sure from all I have learned, that they are very anxious to increase the number of settlers with capital who can go out there and help to develop that hinterland of Africa. I will say nothing further than that this afternoon.

The CHAIRMAN: I think it would be interesting to the Conference to hear the Minister of Labour on this subject.

GREAT BRITAIN'S ATTITUDE

Sir MONTAGUE BARLOW: I do not propose, at any rate at this stage, to say more than one or two words. I think we all realise the difficulties of moving a large mass of men and women and children overseas. Of that there is no doubt, and I cordially welcome the speech of the Minister from South Africa in which he said that there was a great deal to be said for the group proposal, because we ought to be able to do something better nowadays than—to use, I think, his own words—"individual firing"; we ought to be able to organise things on some basis that represents the nation as a whole. For the last 100 years we have let the individual go out and more or less skirmish for himself. Well, now, cannot something better than that be done to-day?

I think I am fairly conversant with the difficulties, at any rate, of two of the great Dominions, South Africa and Canada, both of which I know pretty well. First may I say we realise your difficulties there, difficulties of labour, difficulties of handling men when they have arrived, difficulties of the grumblers, difficulties of the man who is not suited for land settlement, and so on. Secondly, with regard to our difficulties here, I would venture to suggest two things I welcome entirely what Colonel Buckley said, that we will deal with our own unemployment ourselves. We do not propose sending you our unemployables and getting rid of our own burdens. We will carry them, and carry them, I hope, successfully. That is not our attitude at all; but we are over-populated. As a result of the cessation of emigration for some six or seven years, the normal flow has been held up and we are like a pond that is over-stocked.

NEED OF TRAINING FOR RURAL LIFE

Under those circumstances, what is the best method of effecting a large system of migration overseas? Take a large class of people for whom I have a special responsibility—I mean some 200,000 or 300,000 ex-service men, who, had the war not come, would by this time have been trained and fitted into some skilled or semi-skilled occupation. They have not been trained, they are first-class material, they are in no proper sense of the word unemployable, but they have not had their chance. There is splendid material. I have just returned from a tour in Ulster, where I saw a large number of these ex-service men, disabled men, being trained for a rural life, trained in small handicrafts of all kinds, and I welcome Colonel Buckley's suggestion of training as a possibility, which you will no doubt explore, because a great many of our men, even though they are good material for country settlement, have not had much training in country life.

POSSIBILITIES OF GROUP SETTLEMENT

Perhaps I may be allowed to say one word about the group system which I have always looked upon as being a very effective means of developing more scientific methods of migration. I was a little surprised to hear Mr. Massey's comment, because, if my recollection is right, Christchurch itself was settled very much on the system of what we are venturing to suggest under the term "group settlement." I think that to promote with success a great policy of this kind, you must have, in addition to the Government provision, finance measures, and so on, a large amount of real enthusiastic voluntary support. I do not believe that you can move large masses of men merely by the stroke of a Ministerial pen. It cannot be done. If you can bring into co-operation with the Government—somewhat on the lines on which we raised what we called the "Pals' Battalion" during the war—if you could bring in the enthusiasm and the co-operation of the great municipalities; if you could get our great towns—with the co-operation, of course, of the authorities in the Dominions—to take up tracts of land; if you could get Manchester to take up an area in Canada with the approval of the Canadian authorities to become a Manchester Village Settlement across the seas, and be responsible for shepherding their own people when they have got there; I believe you could do a great deal to put more spirit and more enthusiasm into the policy with regard to which the Government have laid down the broad lines.

Those are the only few words which I desire to say at present, but perhaps there will be an opportunity, when we get into more detailed discussion to develop these points at greater length.

This discussion was resumed at the Fourth Meeting, held on the 9th October, as follows:—

Mr. WARREN: I will not detain the Conference very long. So far as Newfoundland is concerned, we regret very much that we are not able at present to avail ourselves of the Act. So that there may be no misconception of our attitude on this matter, I would like to explain why it is. Newfoundland had a very bad start. It was looked upon as a fishing country solely and entirely, and while people would emigrate many years ago in order to fish, to-day in comparison with other means of livelihood, fishing is an arduous and precarious business. For that reason, unless we train our own fishermen it is absolutely impossible to get them from other countries. That is the present state of affairs in Newfoundland, but I am glad to say things are changing. Recently we have undertaken a very large hydro-electric development and that is only one of the very many others which will eventually help out our industries in Newfoundland. It means the creation of new towns on parts of the island the resources of which

have not hitherto been tapped; the creation of these new towns on the west coast of the Island, which is in the Gulf of St. Lawrence, and a part of the Island which has great agricultural possibilities, means that the people there will have to be fed, and I look forward to the possibilty of being able to avail ourselves of the Settlement Act, not at present, but within the next four or five years, if it is still then in force. That is all I have to say, Mr. President.

The CHAIRMAN: Is there any other member of the Conference who, before the First Lord replies on the general discussion, would like to add anything on the settlement question?

Mr. AMERY: Mr. President, I should like to offer a few observations on this question of Empire settlement, as I have been peculiarly interested in it for a great many years. I think it has been very valuable to be reminded, as we have been by Mr. Bruce this morning, that you cannot separate the question of Empire settlement from the general question of Empire development and markets. Men, money and markets, as he very rightly said, are an inseparable trilogy. In every problem that you face in connection with settlement you find that you cannot settle a man without capital. He must have his own capital, or the Government must raise it, or a private company must raise it, but in one way or another capital is essential to settlement. We shall be presently discussing schemes for promoting capital development in the Empire.

Of course it is equally true that neither men nor money will go to the Dominions unless they can find a market for their produce. I do not wish to follow now with any detailed discussion of Preference, but I should only like to say this in reference to what Mr. Bruce has said, that we do fully realise here, from the point of view of Empire settlement, that in any Preferences we give to help the development of the Dominions, they are given, not merely as bargaining counters to secure Preference in return, but that they are of direct interest to us in helping that flow of migration which is so essential for restoring the social health of our national life. But I should like to add this for consideration, that for the full development of that flow and of that policy, it is essential that Preference should be as mutual as possible, and that a policy of encouragement of trade at one end should not be hampered by anything approaching excessive restriction at the other, because there is coupled with the importance of tariffs in the directing of trade, the no less essential factor of transportation—of shipping so far as the British Empire is concerned. Both the flow of trade, and, what concerns us more at this moment, the flow of passengers or migrants, depends on freight rates and passage rates, and those can only come down effectively if there is a steady and increasing volume of trade and movement both ways.

NEED FOR ECONOMIC SECURITY

There is only one other thing I should like to say on that economic question and that is this, that we must also have economic security. Mr. Bruce referred to the great irrigation development which might be made far more easy if he knew we were going to pursue a policy of substantial Preference in regard to dried fruits, canned fruits and so on, but I have no doubt he would add that that Preference could only justify his action if he felt certain it was a Preference that was going to continue over a considerable period of years. The same, of course, is equally true about settlement policy. One of the greatest obstacles to the developemnt of Empire settlement has been the high cost of passage since the war, and whenever I have discussed these questions with the representatives of the great shipping firms, they have always said: "Give us some assurance that there is going to be a steady flow of passengers and we can cut the rates by 15, 20 or 30 per cent, or more, but so long as the thing is uncertain, we always have to make temporary arrangements, which are far more costly."

PLEA FOR LONG-TERM ARRANGEMENTS IN SETTLEMENT SCHEMES

Therefore I do hope that from the point of view of Empire development, more particularly on the question of settlement, we should keep in our minds the importance of a fixed policy. Now this was urged by the Dominions at the last Conference in 1921, and it was in response to that demand that we on our side introduced legislation. That legislation did not really add to the powers that we had of spending money as we liked upon promoting Empire settlement, but was, in fact, declaratory. It made it clear to the Empire and to our own people that we were committed to co-operate with the rest of the Empire in such a policy for at least fifteen years, and that we were prepared to spend a sum of money, the non-spending of which would lay us open at any moment to direct criticism both in the Empire outside and in our own country. It may not be possible for the Dominions to respond in exactly the same form, that is to say, by passing similar legislation pledging themselves to spend up to a certain amount of money over a period of years. But I hope that in considering settlement schemes, assisted passage schemes, and all other schemes, they will not pursue a hand to mouth policy and make short-term arrangements, but that we shall get long-term arrangements so that everybody will know what they have to work to.

Admitting the immense importance of the economic factor, I should, however, like to add that reliance upon economic forces alone is not going to solve the settlement question. All three parts of the policy, men, money, markets, go together, and you want a positive policy over the whole field and in each part. Friction, obstacles, hindrances in one section do frustrate the effect of the rest.

UNSOUND DISTRIBUTION OF EMPIRE POPULATION

In that connection I think it is essential to remember that at this moment the full effect of any policy of economic co-operation and Empire development is largely handicapped by the wholly unsound distribution of the population of the Empire. I am talking for the moment only of the area under consideration for this purpose, namely, the area suitable for white settlement. We have some seven million square miles or more of territory full of every resource, agricultural, mineral, power supply, etc. Three-fourths of our population is concentrated, huddled together I might say, on less than one-fiftieth of that area.

The result is not one that makes for efficiency in development. In this country the congestion of population has reached a point where it directly clogs the efficiency of industrial production by all the social reactions, the toxins I might almost call them, which it has created in the body politic, the burden of taxation, the social problems, and so on, involved. On the other hand, in the Dominions the inadequacy of population adds to the cost of production. It means a tremendous overhead charge for railways carried hundreds of miles to deal with scanty bodies of producers. I need not labour the point, but there is at this moment from the point of view of efficiency and from the point of view of social welfare a thoroughly unsound distribution, and the more rapidly we can take measures to remedy that the better it will be. The more rapidly we can get population from here to the Dominions, the healthier the economic and revenue condition of this country, the better the state of our best markets. On the other hand, from the point of view of the Dominions, the more population they can get in the more economical will be their whole system of development, the more justified their great railway schemes, the more possible the progress of economical means of development in every direction.

PASSAGE RATES

That is one thing. Now take some of the practical obstacles to that, to a flow which we want to accelerate in any case, but which is at the present time being retarded. The greatest obstacle at the moment is the fact that you have widespread poverty in this country, consequent upon the war, and very high passage rates, so that hundreds of thousands of admirable settlers cannot get across and to a large extent are deteriorating for want of opportunity either of work here or of the kind of employment to which they could adapt themselves in the Dominions, in the term agricultural employment. Anything that gives direct assistance to bridge that gap, to get over that obstacle, is a very real help. As the Conference knows, immediately after the war, the British Government gave free passages to ex-service men and their families. Now, they were carefully selected, and that is essential, but out of nearly ninety thousand who have gone the percentage of failures has been infinitesimal. But for those free passages they would not have gone. I have no doubt whatever that that expenditure by the British Government has been amply repaid. It has meant an addition to the resources of the Dominions, and has repaid us here both by the increase in our markets and by the diminution of what we should otherwise be spending on unemployment expenditure. So I do want to lay great stress, in this business of Empire settlement, on the form of assistance that in a sense covers every other form of assistance, to get over the cost of passages, because with a reasonable selection, if you can get the people across, they do find their openings and they do create the new wealth which enables others to follow on after them.

MIGRATION BY FAMILIES

More particularly I should like to lay stress on what I referred to just now in connection with the ex-service free passages, the desirability of making it possible for the man who has a family to go across, because, from the point of view of future citizenship, that is the most valuable element we can send to you. It is true from the point of view of the individual employer the single man is preferred, but from the point of view of development the man who goes with a family of growing children, the citizens, the creators of the wealth of the future, is the most welcome settler. I should like to draw attention to this fact, that New Zealand, in this respect, has agreed with us on assisted passage schemes very substantially ahead of any other Dominion in the very liberal assistance they give to the man with a family, that is to say, that children up to a certain age go entirely free and the older sons and daughters at a very reduced rate. I think to-day a man with quite a large family can get to New Zealand on practically no more than it takes a man and his wife alone to go to Australia. I should like to press very strongly the importance of that. There are many other points which I do not think at this moment I need dwell on, the importance of extending in every way the principle, which I think Australia first introduced, of nomination; both individual nomination and nomination by responsible bodies, churches, masonic lodges, rotary clubs, and so on. That method is especially helpful in the case of migration of women.

IMPORTANCE OF HOUSING

Then there is another point which is of the greatest importance and that is the question of housing. It is undoubtedly true that all over the Empire housing accommodation for the farm labourer is often very inadequate. Now unless you can provide housing accommodation which is not only tolerable for the man but tolerable also for his wife, that man will not stay on the land for

long, however good his intentions to begin with. If his wife finds conditions on the land intolerable she will worry him until he goes to the city. I always feel in this question of settlement we have paid far too little attention to the dominant factor which is the woman. It is her interests, her well being, the possibilities of her living decently and bringing up her children which will in the long run decide where the man is going.

PREFERENCE FOR BRITISH SETTLERS

There is always a danger under our Parliamentary system in every part of the Empire that when some unsuitable person gets in or something happens that is not altogether desirable, it is brought to the notice of Parliament and some general restrictive regulation is then passed which keeps out 100 desirable immigrants for one bad one. I do hope that at any rate as regards British subjects there should be substantial Preference as far as possible in making those regulations. Canada has done a good deal within the last few months to give that sort of Preference in its restrictive regulations; for instance, as to the sum of money required on entry for British subjects as against aliens, and I do hope that we may be able to explore the possibility of going further in that respect.

NEED OF PROPER SELECTION

Then, of course, there is another side of the question, coupled with the removal of obstacles, and that is the great importance of proper selection and proper direction when the settler gets out there, and the proper protection and help to him when he is arriving. There is no doubt that bad selection has a very unfortunate reaction on the whole movement afterwards. A few people go out who are thoroughly unsuitable. They are failures, they discredit the English migrant in the Dominion they go to, and the letters they send home, the bad remarks they make when they come home, discredit the Dominions over here. It is very important to get good selection. We have made great progress, between ourselves and the Dominion Authorities, within the last few years on that, but there is, of course, still substantial room for improvement, both in the system of selection itself and the expedition of seeing it through. There is great importance in seeing that the people go to the right place, that they are given the right initial training, whether they go to carefully-selected farms or whether it is possible to establish training grounds away from the cities where they can get the rudiments of agricultural knowledge before they are placed with farmers. That, and what Mr. Graham called the "follow up" policy afterwards are very essential.

What I think it is very important to remember is that the indiscriminate system of migration without care does involve tremendous waste. There is an appalling waste of human capital and of actual capital when people cross the oceans, spend some years there, fail and come back again; spend years in trying to make something out of a farm which is too far away from the railway to make it profitable; that farm ought never to have been occupied until the railway was within 10 or 15 miles of it. In all those ways there is a tremendously important field for guidance and for careful planting. After all, you may dump people in the cities, as the Americans have done, I think, with not too happy results. But when you are considering a policy which is mainly one of settlement on the land you have got to remember that a man can only be planted on the land like any other plant, and that great care has got to be taken that he is helped to take root properly.

THE GROUP SYSTEM

In that connection I should like to say a word endorsing what Colonel Buckley and the Minister of Labour said about the importance of the group system, meaning by that nothing in the nature of a communistic or a joint-stock system, but that of settling close together people who have got a common interest, whether they come from the same part of the United Kingdom or are united by other ties, say, belonging to the same service or the same regiment or something of that sort. It is so essential in settlement to recognise the importance of the social and gregarious side of people. When you want people to contend with a wholly new and very difficult environment it is a great help that at any rate socially they should not feel too much among strangers. I do not mean they should not be well mixed up with the inhabitants of the Dominion to which they go, but that they should also be in sufficiently close touch with a sufficient number of people akin to them, and perhaps already old acquaintances, to feel at home socially when they have to struggle with the other new and unfamiliar problems. That is specially important in the case of the women. It is the friendly intercourse among women, the gossip about old associations even, that may see a colony through and overcome difficulties which it would not otherwise face.

Then there is the other important aspect about the group system to which Mr. Bruce referred in connection with irrigation, namely, that closer settlement is very economical; it means a greater amount of production for the same amount of capital put into railways and the same amount of capital put into schools and for every other purpose; you can get more out of the same scheme in the long run, though it does undoubtedly require more Government care and supervision than any scheme of simply letting people take their chance and peppering them over the vast surface of the country. I think, too, that the group system lends itself more particularly to the settlement of those people who have got a little capital of their own and who have got considerable enterprise and are not, except quite temporarily, content to work under others. Of course, as you know, in this country to-day, what with ex-officers and the great output of our public schools and the limited openings for the professional classes, we do turn out a very large surplus of young men of character, ability, good education and energy, and if not with substantial capital at any rate in most cases just a little, which, with some financial assistance, will see them through a long way. I feel in that way, given its peculiar circumstances, South Africa has followed a very wise policy, and I am delighted to hear from Mr. Burton that she means to expand it still further, because she has gone in for the policy of attracting that very class of people with a small amount of capital, and in that way, without having to raise Government capital, she has in fact brought in something like two and a half millions of capital from this country with several hundred settlers into South Africa during the past twelve months.

THE PSYCHOLOGICAL DIFFICULTY

I do not wish to detain the Conference at any greater length, but I should like to say just one word more about what Colonel Buckley referred to as the psychological difficulty. Of course, one has always got to fight against the sense of strangeness, the unknown, but in an Empire like ours we can overcome that by greater development of mutual trade, by the spreading of better information, by better service in our newspapers, by cheapening the postage rates and by encouraging communication between settlers and friends at home, perhaps by airship development, and not least by facilities for enabling the settler in the Dominions to come home again after a few years on easy terms to visit his friends.

IMPORTANCE OF CREATING A RIGHT MENTAL ATTITUDE TOWARDS OVERSEA SETTLEMENT

Besides that I think the important thing that we have got to create is the right mental attitude in all our communities. For instance, in this country we are still far too much under the domination of the idea that this business of migration and settlement is simply a sort of safety-valve to unemployment

From that point of view, it is not considered by one section of people until a grave unemployment crisis has arisen, and by others it is looked upon as an attempt to dodge our social responsibilities, to push people out of the country, instead of facing our social and economic responsibilities towards them. Now, we want to get away from that point of view and to treat it as a policy of building up trade, building up Empire, and helping social reform. The people with whom we have the most difficulty are the very people who are always keenly interested in such a reform as town planning. We have got to make people in this country understand that Empire settlement is only town planning on a large scale, and that Empire development is only social reform writ large. On the other hand, you have got a similar difficulty in the Dominions. You have on the one side, the type of person who simply thinks of immigration in terms of getting cheap and adaptable labour. The cheaper it is the more readily adaptable it is, the more he is favourable to it. He would prefer the sheep skin clad Galician, regardless of what kind of citizen he makes in future, to the less adaptable, but in the long run sturdier and more self-reliant Britisher. On the other hand, you have got the Labour objection arising from the same point of view, which simply thinks of competitors. Now, we have got to create the point of view which thinks not of recruiting labour, but of recruiting citizens. Anything that can be done to promote that point of view in the Dominions—it cannot be done by legislation, but it can be done by the influence of those at head of affairs—anything that can be done to get that point of view strengthened, to create the atmosphere that makes for a ready welcome of the immigrant when he lands, is all to the good. This whole business of settlement is an intensely human business. Your new settler, when he lands and passes the formalities of the Immigration Department and finds himself in his new country is very sensitive, very touchy, very easily discouraged, very much like a new boy at a strange school. At that moment anything in the nature of a friendly word, a hand-shake, or a little bit of good advice, makes the whole difference in the world. I do hope that those who have the whole of this policy of development at heart, those who perhaps remember what they themselves or their brothers or sons met with over here during the war, will realise how much they can help individually towards making this great policy a success.

EVEN DISTRIBUTION OF EMPIRE POPULATION A FUNDAMENTAL NEED

Indeed, while I fully agree that the development of Empire settlement can only go on hand in hand with the development of trade and the spread of capital, I do feel that it is the basic element of the whole problem of development. The sound distribution of our population in the Empire is the key to social and economic well-being in every part. If I may add one thing further, it is also the key to the problem of defence. In other discussions during this Conference I shall have to point out to the representatives of the Dominions the enormous burden which the defence of the Empire imposes upon this country, over and above the terrible burdens imposed upon us by social conditions largely due to over-population. The answer, which I know I shall get from the Dominions, is that while willing to help to the extent of their capacities, those capacities are, in fact, limited by the very fact that they are faced with the problems arising from under-population, with great tasks of development which need to be done

before they can have a population that can play an adequate part in the defence of the Empire. In those two arguments there is one common element, one common obstacle—over-population here, under-population in the Dominions. Now, if we can, during the years of peace—and I hope they may be long years which may be granted to us—get the population of the Empire more evenly distributed, that even distribution will mean a far more rapid and healthy growth in each part and we shall be the better able to meet the problem of defence, and secure an adequate share by each part in the common task, without laying upon any part of the Empire an excessive burden or leading to the danger of that undue diversion of our resources on defence, which can be summed up in the word Militarism. To secure our mutual peace and defence without incurring burdens which mean a militarist organization of our society, we must in the next generation see that our population is more evenly distributed and grows more healthily throughout the Empire. If the United States have grown in the last century from 5,000,000 to a population of 100,000,000, there is no reason why, in the coming century, we should not grow to a population of 200 or 300 millions of white people in the Empire. That bears equally on those political relations which we have discussed at intervals without coming to any very definite solutions. We stand in a position of absolute equality of status. We are also faced with the position of a very profound inequality in actual population, in actual power of co-operating in the common task, and it is only as we can make the reality of our position, as between the great Dominions and ourselves, correspond more closely to the theoretical equality of political status, that we can arrive at a more perfect co-operation over the whole field of matters that interest the Commonwealth of British nations.

APPOINTMENT OF COMMITTEE ON OVERSEA SETTLEMENT

Might I perhaps wind up this second reading discussion by suggesting that the matter should now be referred to a Committee to work out the many details that have to be considered both in the Committee as a whole, and directly as between the various Governments concerned? I would like to propose that a Committee be formed as follows—one or more representatives of Great Britain and of each of the Dominions to consider and report to the Imperial Economic Conference upon the question of oversea settlement, and to recommend such measures as they may think desirable for the furtherance of the policy.

Mr. MASSEY: I second it.

The CHAIRMAN: Agreed. The names will come in to the Secretary and it can be left to Colonel Buckley to settle by arrangement whether it is convenient for the whole of his Committee to meet at once, or take preliminary discussions with the different members of it.

Mr. AMERY: May I just raise one point? I assume that naturally the Irish Free State, which, though a Dominion, has an interest more akin in these matters to the interest of Great Britain than that of the other Dominions, that is to say, as a supplier of settlers rather than a receiver of settlers, would wish to be represented, and the Colonies also; but I imagine that India, whose problem of settlement is going to be raised at the main Imperial Conference, will probably not wish to be represented.

The Committee on Oversea Settlement, appointed in accordance with the foregoing decision, submitted its report to the Conference (see page 1360) on the 2nd November, and the discussion in the main Conference was resumed at the Twenty-first Meeting held on the 7th November, as follows:—

Colonel BUCKLEY: In presenting to the Conference the Report of the Committee on Oversea Settlement, I only wish to say a very few words by way of introducing it.

I want, first of all, to express my grateful thanks to all those who have been on the Committee and have assisted the representatives of the various Dominions on the Committee for the very friendly spirit and co-operation which they have shown towards us. They have shown a desire to understand our difficulties, a sympathy with us, and every possible desire to meet us as far as they can.

RESULTS OF COMMITTEE'S WORK USEFUL, BUT NOT SPECTACULAR

We have not accomplished anything spectacular. By that I mean there is nothing in the Report to which I can point and say that it is going to lead to an immediate increase in the stream of migration. But we have done a lot of useful work. We have explored the ground covering the provision and maintenance of proper recruiting, of selection and reception. In this connection I might mention that Canada has decided to reinaugurate her immigration employment service, and to give that service the power of nomination, and I think that will prove a very valuable adjunct to emigration to Canada. Australia has agreed to recommend to the States the establishment of farm reception depots in the States, which are places where settlers can go for the first few weeks of their sojourn in their new country. Possibly they may receive some preliminary training there, and from there find their way into permanent employment.

MORE GENEROUS PASSAGE AGREEMENTS

The most valuable work that we have done has been, I think, to conclude more generous passage agreements. Unfortunately, we have not been able to persuade the shipping companies to reduce their freights, but we have agreed between ourselves to give more generous passage agreements to Australia and Canada, and this ought to be very helpful, particularly with regard to getting families into the Dominions. We have not been able to see our way to agree to any scheme whereby the dependents of a married man can be sustained for the initial months while he is in the Dominions endeavouring to find his feet, but the more generous passage agreements should help considerably in that direction; and the whole problem of sustenance of the families of married men is going to receive further consideration on behalf of the Dominions.

THE NOMINATION SYSTEM: RECOMMENDATIONS

With regard to the nomination system, I might draw your attention to page 3 of the Report, where you will see that we make two very useful recommendations; first of all that the system should be extended by popularizing individual nominations—by means of publicity and arrangements to relieve the nominator of his responsibility and to put the obligation on the nominee; secondly, that collective nomination, that is nomination by Churches and other groups or societies, should be encouraged.

GROUP SETTLEMENT

We have considered and explored the whole ground very carefully in regard to Group Settlement. You will see that our conclusions on that subject are enumerated on pages 8 and 9, and I draw your attention to the final conclusion, which says that both the Canadian and Australian representatives have agreed to discuss with the Provincial and State Governments the inauguration of some such schemes in favourable areas in their respective Dominions. If they can see their way to granting any stretches of land by way of experiment, we are prepared to try something further in Group Settlement than we have tried hitherto.

TRAINING

We have decided that training should not be undertaken in this country except in so far as some sort of preliminary scheme of testing is concerned, the expense of which has to be borne by this country and will not be shared by the Dominions. Canada has offered, if we were to establish testing farms or testing centres here, to send us instructors if need be.

PUBLIC SCHOOL BOYS

We have not forgotten public school boys. New Zealand is on the point of concluding an arrangement whereby she can take twenty a month under an apprenticeship system with the ultimate idea that they should set up for themselves and have farms of their own. Australia and Canada are also considering arrangements on somewhat similar lines, and we are, I hope, on the point of concluding a very valuable little settlement scheme with South Africa which should be very helpful to the young fellows of this class.

A BETTER UNDERSTANDING

But, when all is said and done, I think that perhaps the best work we have done has been to create a very good atmosphere. We understand one another's difficulties now far better than we did before, and, in conclusion, I can only say this: It is not enough to say to the Dominions, "You have too few people and we have too many. We will send you numbers of our excess population, and then you will go ahead and prosper." That statement is probably strictly true, but until the Dominions have themselves said so we cannot force people down their throats. I feel that they will be able to absorb larger and larger numbers which we, on our part, are able to spare, and I cannot do better than read the concluding lines of the Report, which run as follows:—

> "The Committee in reporting these matters to the Conference venture to express the hope that the several Governments concerned, both in Great Britain and the Dominions, will look upon the results attained as an instalment only of what might be achieved, and will be unremitting in their efforts to further the policy of redistribution of population alike by the removal of any obstacle to which their attention may be called, and by framing fresh schemes of land settlement as and when circumstances may permit."

VALUE OF COMMITTEE'S DISCUSSIONS

Mr. GRAHAM: I should like to congratulate the Oversea Settlement Committee on the results achieved in their Report, the more so considering the very difficult question with which they have had to deal and its multiplicity of complications. Meeting, as they did, from different parts of the Empire, they learned the difficulties and problems confronting each other, to which the Chairman has alluded, and I think the result of the meetings of this Committee will be very good indeed. I attended a meeting or two, when I heard matters discussed, and I was agreeably surprised at the spirit in which all the members of the Committee approached every question that came up, and appreciated the difficulties of those from different parts of the Empire. As with all these gatherings, such a free and open discussion, almost submerged, I might say, in frankness, cannot but have a very healthy influence on future negotiations, because those who have charge of migration in Great Britain will now know exactly the conditions with which they are dealing when they approach any Dominion in reference to this question, and those who are responsible for the working out of the problem in the different Dominions will also recognize the attitude of Great Britain in dealing with this question.

Of course, we in Canada concur in the Report of the Committee, and I might venture to hope that the conclusions arrived at are but a step towards further negotiations and co-operation at a later date, which will bring about the results and development which we all anticipate and hope for.

CLOSER CONTACT THE COMMITTEE'S GREATEST RESULT

Mr. BRUCE: The conclusions to which the Committee have come are set out in the Report, but I think a most useful thing has been done, and that is that in the Report they have presented the position and dealt with the different phases of migration in a way that makes the position clear and easily understood. The Report deals with all these questions so fully that I do not propose to go over them. To deal with all the different aspects of migration at the present moment would be a lengthy process, and I do not think it is necessary. I entirely agree that results have been achieved by this Committee, but it will take a little time to see the effect of them. The greatest result of all is that the representatives of all the Dominions have got into close contact with the representatives of Great Britain; they have discussed the whole problem, and I am confident that some further move will be possible as a result of this very full and frank discussion.

NOMINATION SYSTEM THE EVENTUAL SOLUTION OF THE PROBLEM

I am glad to see that the Committee has stressed the nomination system because I personally believe that that is going to be the eventual solution of the whole problem; there will be a large number of schemes put forward, Government schemes and private schemes, but no schemes of any character that can be submitted in the future are going to take the full flow of migrants that we want to see if we are going to bring about a true redistribution of our population. The way the flow is going to take place is by means of the migrants who can nominate others to come after them, which gradually expands it, and the flow will reach a point when something will be achieved towards an actual redistribution of the whole of the people of the Empire.

As far as Australia is concerned we concur in this Report, and we will certainly do everything we can to try and give effect to the ideas adumbrated at this Conference. I do not know whether my colleague would like to say anything; he was on the Committee.

Senator WILSON: Sir Philip, I do not think I need add anything to the Prime Minister's remarks. I quite agree with the Report and we will do everything in Australia to push this thing on.

Sir JAMES ALLEN: I want to repeat what I said at the previous meeting. The arrival of the nominated migrant in the Dominions, as far as migration is concerned, is a very powerful factor in increasing the number of nominations. The number of nominations has been increased very largely by the nominations of those who have already gone out.

Sir WILLIAM MACINTOSH: I was on the Committee, and we have gone as far as we can in South Africa. I think you know our special difficulties there, but I think some good results will come from what we have been able to do.

Mr. ORMSBY-GORE: The Report is adopted, I presume.

The CHAIRMAN: Will you move your resolution?

RESOLUTION ADOPTED

Colonel BUCKLEY: I move that:—

> "This Imperial Economic Conference approves the Report of the Committee appointed to consider questions relating to oversea settlement. The Conference endorses the recommendations of the Committee

and notes with satisfaction the arrangements as recorded in the Report which have been arrived at, or are in contemplation, with a view to improving the facilities for settlement within the Empire.

"The Conference takes this opportunity of reaffirming its sense of the importance of the policy of oversea settlement to the well-being of the Empire."

The CHAIRMAN: Is that agreed?

(Agreed.)

TRIBUTE TO COMMITTEE ON BEHALF OF BRITISH GOVERNMENT

The CHAIRMAN: I should like to say, on behalf of the Home Government, how grateful we are for the very long and detailed work that the representatives of other Delegations on this Committee have given to it, and I think it has been well put by those who have spoken to-day, that there may have been some misunderstanding as to what you could get out of a discussion of this kind. I do not think anyone who is well acquainted with the whole oversea settlement problem ever thought that we should, round the table, be able to make arrangements for the taking of 50,000 settlers here and 20,000 settlers there. What was necessary was to thresh out all the difficulties experienced about machinery, about care, about selection, and about supervision, and all the various things which have been gone into in this Report, in order that the way would be made clear for the schemes to go forward, and I think it has been made clear, both in this discussion and in the expression of the opinion of the Committee and the expressions of opinion given here, that this has served the requisite purpose, and that it will make it possible for settlement to be developed to the fullest possible extent. Therefore, certainly, the value of the work of this Committee has to be judged, not by the number of settlers tabled at this moment, but must be judged by what is made much more possible between now and the next Conference.

THE ITALIAN GOVERNMENT'S INVITATION

Colonel BUCKLEY: There is just one other matter I have been asked to mention. The Italian Government have issued an invitation to us to a Conference in Rome in the early part of next year on the subject of emigration generally. The details of all this have been communicated to the Dominions, and our only object is to secure unity of action in general. I do not think that I need go into the whole matter now unless any of the Dominions wish to mention it. I understand that an invitation has been issued to all the Dominions to form a small Committee to consider what action should be taken. They have all accepted the invitation and they are endeavouring to arrive at a common policy. I was only asked to mention it in case any of the Dominion Prime Ministers here wanted to say anything.

The CHAIRMAN: Well then the Report and the Resolution are adopted.

OVERSEA SETTLEMENT WITHIN THE EMPIRE

MEMORANDUM (I.E.C. (23)—1).

A Conference on State-aided Empire Settlement took place in the months of January-February, 1921, between representatives of His Majesty's Government and the Governments of Canada, the Commonwealth of Australia and New Zealand (see Appendix V to Cmd. 1474).

That Conference put forward proposals for co-operation between His Majesty's Government and Oversea Governments in a comprehensive policy

of Empire land settlement and Empire-directed migration extending over a period of years. The proposals contemplated an annual expenditure by His Majesty's Government up to a maximum of £2,000,000 in respect of schemes of land settlement, assisted passages and other kindred schemes, such expenditure to be conditional upon the full financial co-operation of the Dominions concerned (see Annex I).

The Conference of Prime Ministers held in the summer of 1921 approved the proposals of the earlier Conference (see Section X, page 8 of Cmd. 1474). It expressed the hope that His Majesty's Government would, at the earliest possible moment, take power to perform its part in any schemes of co-operation subsequently agreed on, preferably in the form of an Act, which would make it clear that the new policy was intended to be permanent (see Annex II).

The Conference further recommended that the Governments of the Dominions should consider how far their existing legislation might require modification or expansion in order to secure effective co-operation, and should work out for discussion with His Majesty's Government the proposals which appeared to them most practicable and best suited to their interests and circumstances.

In accordance with this Resolution, His Majesty's late Government introduced a Bill into Parliament in April, 1922.

The Bill was passed with virtually no opposition, and is now on the Statute Book. Its short title is "The Empire Settlement Act, 1922," and a copy of the Act is appended to this Memorandum (see Annex III). The Act authorises His Majesty's Government to spend up to £3,000,000 per annum on participation in schemes for facilitating settlement in or migration to any part of the Dominions overseas, including schemes of development or land settlement. The executive work in the United Kingdom has been entrusted to a Committee (the Oversea Settlement Committee), on which the Departments concerned are represented together with unofficial members having a special knowledge of migration problems. About 11,500 persons have been assisted under the Act to proceed overseas between July 1922 and February 1923.*

A statement is appended (Annex IV) containing particulars of the Agreements entered into under the Act with Dominion and State Governments and with private organizations.

A table giving statistics bearing on overseas settlement is also appended (Annex V).

The primary object of the new policy is to promote the development of Empire production and consequently of Empire trade. A growing population overseas is a necessary condition and concomitant of the development of Empire production. It is not the only factor, since movement of population cannot by itself be effective unless the settlers are able to make good and to find markets for the produce of their labour. Such aspects of the question are being examined in other memoranda, but it will be generally recognized that an increase of population in the Dominions is one of the essential requirements for the end in view. The new policy, therefore, aims at remedying the shortage of white population overseas and at diminishing in some degree the present excessive inequality of distribution of the white population of the Empire, while at the same time ensuring that a larger proportion of the normal stream of migrants from the more densely populated countries of the Empire shall be retained under the British flag. It should not be looked upon as a remedy for the immediate abnormal unemployment in this country, but rather as a constructive method of increasing the strength and well-being of the white nations which owe allegiance to the Crown.

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*NOTE.—His Majesty's Government also initiated shortly after the armistice a scheme of Free Passages for ex-service men and women wishing to settle overseas. The number of approved applicants and their dependents who have sailed under the scheme is approximately 83,000. This scheme has now been closed down.

The aims of the new policy can only be secured by the settlement of population upon the land overseas. There are at present few openings in the Dominions for industrial workers from this country, and the only male settlers for whom openings are available in considerable numbers are those who are able and willing to work upon the land. At the present time, therefore, a policy of Empire-assisted settlement and Empire-directed migration must be primarily a policy of settlement upon the land.

In this connection the importance of making suitable provision for the settlement overseas of women and girls must not be overlooked. A certain number of men to be settled under approved schemes will no doubt be young married men, who will be accompanied by their wives and families. But the settlement of single women and girls is also essential if the policy is to have lasting results in the development of the new communities; and the question of the conditions under which such settlement can best take place is a matter which requires careful consideration.

Although the figures quoted show that the new policy has already produced concrete results, there are indications that the scheme of State-aided Empire settlement has not as yet been so successful as it might be made in promoting the development of primary resources and placing new settlers upon the land overseas.

In so far as State-aided settlement has fallen short of success, the lack of success appears to be due to the fact that the co-operation between the Governments of the Empire contemplated by the Empire Settlement Committee, who reported in 1917, by the preliminary Conference and the Prime Ministers' Conference held in 1921, and recently extended and made permanent by the Empire Settlement Act, has been less complete and the measures adopted less comprehensive than they should have been. In this country there is still misunderstanding and ignorance in regard to the aims and nature of the new policy, and the arrangements made between His Majesty's Government and the Dominion representatives for selecting and recruiting new settlers are still far from perfect.

One of the chief difficulties is the insufficiency of arrangements overseas for the reception, distribution, training, settlement upon the land and initial supervision of British settlers. Unless these arrangements are made adequate and prove adequate in practice, the adoption of a strong policy in this country will result in disillusionment and disappointment and will ultimately check instead of increasing migration.

The Report of the Oversea Settlement Committee for 1922 (see Cmd. 1804) refers at length to each class of settler to be dealt with under the new policy, *i.e.*, children and juveniles (the migration of which classes appears to give the greatest promise of success), women and adult males, both single and married, and with families. The Report indicates the arrangements which are thought necessary for each class of settler.

This Report also explains and emphasizes the importance of migration in the development of trade between the Dominions and the United Kingdom, and in the creation of new wealth for the Empire.

His Majesty's Government feel strongly that the need of population overseas, and also wider and more far-reaching considerations, such as the defence of the Empire, and the future expansion of the British race, make it desirable that the Governments of the Dominions and of the United Kingdom should co-operate in a continuous policy of State-aided Empire settlement.

It is fully recognized that in present circumstances it is difficult for certain oversea Governments to co-operate upon a large scale, that it may be harder to promote a large volume of successful migration in times of trade depression, like the present, than in times of trade activity, and that the fall in the price of agricultural produce is a temporary hindrance to successful settlement.

It is also recognized that migration is viewed with disfavour by certain classes of the community both here and overseas. So far as the United Kingdom is concerned, it is believed that this disfavour is partly traceable to the lack of organization in the past, and it should, therefore, be diminished by the improvements of organization which we recommend. So far as the oversea countries are concerned, it is believed that apprehensions will be allayed when it is clearly understood that the policy is framed primarily with a view to land settlement and provides an adequate organization for selecting and training the intending settlers.

In view of the importance of the establishment of a continuous policy of State-aided migration, His Majesty's Government are prepared, on their side (subject, of course, to the necessary co-operation on the part of Oversea authorities), to consider any proposals which may be put forward for co-operation on their part in schemes of Empire settlement and migration within the limit of £3,000,000 available annually for the next fourteen years under the Empire Settlement Act.

They are also prepared to do everything possible in concert with Dominion representatives to perfect the arrangements in the United Kingdom for selecting and recruiting intending settlers.

They desire, however, to repeat and emphasize the fact that the next essential step in promoting Empire settlement on right lines lies with the Dominions. They venture accordingly to urge on the Governments which participated in the January-February 1921 Conference which may not yet have given full effect to Resolution No. X of the Conference by making "special arrangements for the reception, distribution and initial supervision of British settlers," the importance of making satisfactory provision for this purpose with the least possible delay.

April, 1923.

Annex I.

(Appendix V to Cmd. 1474.)

Conference on State-Aided Empire Settlement

January-February, 1921: Record of Proceedings

A Conference on State-aided Empire Settlement was held at the Colonial Office on the 28th and 31st January and on the 1st, 2nd and 4th February, 1921, between representatives of His Majesty's Government and representatives of the Governments of Canada, the Commonwealth of Australia and New Zealand.

His Majesty's Government were represented at the opening meeting by Viscount Milner, President of the Oversea Settlement Committee, and in his absence the chair was taken at subsequent meetings by Lieutenant-Colonel L. S. Amery, M.P., Chairman of the Oversea Settlement Committee. Representatives of the Treasury, Ministry of Labour and Oversea Settlement Committee also attended.

The following represented the three Dominions concerned:—

Canada—

The Hon. Sir George Perley, K.C.M.G.
Lieutenant-Colonel J. Obed Smith.

Australia—

Senator the Hon. E. D. Millen.
Mr. Percy Hunter.

New Zealand—

The Hon. Sir James Allen, K.C.B.
Mr. H. C. Cameron.
Mr. V. Mills.

In opening the proceedings, Viscount Milner stated that the Conference had been summoned in order to advise upon an enduring policy of oversea settlement which should tend to bring about the best distribution of the man-power of the Empire and so to develop and strengthen the whole Empire. He pointed out that oversea settlement should not be regarded as a means of dealing directly with abnormal unemployment in the United Kingdom, at any given moment, but as a means of remedying fluctuations of trade by developing our best markets and of permanently minimising the risk of unemployment here and throughout the Empire. He emphasised the view of His Majesty's Government that no stone should be left unturned to secure for the Dominions the population which they require and to ensure that the outflow of population from the United Kingdom should have opportunities for settlement under the flag in countries British in spirit and British in their institutions.

The Agenda submitted to the Conference for discussion was as follows:—

Part I.—To consider the general question of Empire development, including schemes for land settlement on a comprehensive scale.

Part II.—To discuss the following particular proposals:—

(*a*) Advance of cost of ocean passengers and railway fares to approved settlers.

(*b*) Advance of cost of outfit where required.

(*c*) Free passage for State-aided children.

(*d*) Preference to British settlers over foreign immigrants, *e.g.*, in respect of landing money, &c.

(*e*) Arrangements for recruiting settlers in this country and for their reception, settlement, employment and welfare overseas.

(*f*) Appointment of representatives of His Majesty's Government overseas to co-operate with the Oversea Governments in the reception, settlement and welfare of newly-arrived British subjects.

It was clear from the outset that in all the Dominions represented the openings available for workers of other classes depended upon the increase in the number of primary producers. It was consequently agreed that the problem covered by Part I of the Agenda, *i.e.*, the problem of establishing settlers from this country as primary producers upon the land overseas, must be the basis of any policy of State-aided Empire Settlement, and that the facilities for inter-Imperial migration generally, proposed in Part II of the Agenda, would only be of limited value unless granted as part of a policy based on land settlement.

In this connection Senator Millen pointed out that there are considerable areas in Australia suitable for settlement, but at present entirely undeveloped, which could be developed by comprehensive settlement schemes at considerably less cost than would be involved in the purchase of land in districts already opened up. Such schemes would have the further advantage that the work of opening up an area by railways and roads, the construction of other public works, and the clearing of the land, &c., would find employment for many of the intending settlers, as well as an opportunity for getting acclimatised to Aus-

tralian conditions. Opportunities for settlement on a very large scale would also be afforded by the irrigation works in progress on the River Murray. As an indication of what Australia might be willing to do, if she could secure the co-operation of His Majesty's Government, he put forward for consideration a scheme for establishing 20,000 British settlers on certain selected areas, to be financed by a Commonwealth loan of £20,000,000 to be raised in five annual instalments. On the analogy of the assistance given by the Commonwealth to the Australian States in connection with the Australian soldier settlement schemes, he suggested that the assistance of His Majesty's Government might take the form of a payment for five years of half the interest of each instalment of the loan.

Sir G. Perley and Sir J. Allen intimated on behalf of their respective Governments that they would welcome a policy of co-operation which would enable them to receive and establish on the land a larger number of British settlers than they could otherwise deal with. They had not received definite instructions from their Governments, and were not therefore in a position to submit definite proposals. They would, however, communicate with their Governments, who would no doubt formulate proposals before the meeting of the Prime Ministers in June. It was pointed out that conditions varied in every Dominion, and that what was desirable was agreement not on a uniform type of scheme, but upon the general principle of co-operation between the Governments concerned.

On behalf of His Majesty's Government it was pointed out that the most convenient form of financial co-operation and the most easily adaptable to various kinds of schemes, would be in the shape of loans to individual settlers made through and collected by the Dominion Government or settlement agency concerned, thus diminishing the amount required to be found by the latter in respect of each settler. This was preferable to a direct contribution towards a Dominion developemnt scheme such as was implied in Senator Millen's suggestion of payment of part interest of a Commonwealth loan, and would achieve the same end.

In the discussion on Part II there was general agreement as to the satisfactory working of the system of co-operation between the Oversea Settlement Committee and the Dominion and State representatives in connection with the grant by His Majesty's Government of free passages to British ex-service men, and as to the desirability of any future joint scheme of assisted passages being conducted on similar lines. The need for assisted passages was more particularly emphasised by the representatives of Australia and New Zealand, Sir G. Perley explaining that Canada had never, in the past, contributed towards passages, and might possibly prefer some other form of joint co-operation in helping new settlers to sharing in a scheme for granting or advancing passages.

The special attention of the Conference was drawn to the successful results attending the Australian and New Zealand system of nominations for assisted passages of relatives or friends in the United Kingdom by settlers already established in those Dominions, as well as to the very satisfactory working of the Canadian system of settling and supervising State-aided and other suitable children from the United Kingdom.

It was generally felt that in present circumstances, at any rate, there was not sufficient justification for the appointment of permanent representatives of His Majesty's Government in the Dominions in connection with the settlement of newly-arrived British subjects, and that the need for close personal touch with the actual work of settlement overseas could be sufficiently secured by periodic visits of representatives of the Oversea Settlement Committee.

As the outcome of the discussions of the various matters covered by both parts of the Agenda, the following proposals were submitted to the Conference

by Lieutenant-Colonel Amery as a basis for discussion at the forthcoming meeting of Prime Ministers:—

1. His Majesty's Government to co-operate with the Oversea Governments in a comprehensive policy of Empire land settlement and Empire-directed migration, extending over a period of years, and to this end to contribute up to a maximum of £2,000,000 a year in any year in respect of schemes of land settlement, assisted passages and such other kindred schemes as may commend themselves to the Governments concerned.

2. The assistance to land settlement to take the form of advances to settlers up to a maximum of £300 a settler, the advances to be made through the Oversea Governments concerned or through specially approved private organizations, and repayments collected by them. These advances to reckon *pari passu* with the advances made by the Oversea Government or private organization in respect of conditions, security, terms of repayment, etc. The repayments to be devoted to further advances to new settlers. In so far as expenditure not recoverable in the form of advances may be involved in training or allowances during training, His Majesty's Government to share this with the Oversea Government or private organization concerned, the amount so spent being deducted from the amount available for loan purposes.

3. His Majesty's Government to assign normally about half its total contribution, viz., about £1,000,000, to land settlement. In view, however, of its commitments in respect of the free-passage scheme for ex-service men and women and other kindred expenditure arising out of the special conditions of the post-war situation, the amount available for land settlement for the financial years 1921-22 and 1922-23 will probably not exceed £750,000. In allocating this money as between different schemes it will be guided primarily by the merits of the schemes both from the point of view of their economy, i.e., the number of settlers they can deal with for a given British contribution, and still more from that of the arrangements for training, future prospects of the settler, social amenity (group settlements), etc., and other things being equal, by the desire to afford all the Dominions an equal opportunity for developing their resources and strengthening their man-power.

4. His Majesty's Government to assign the balance of its contribution to assisted passages, including, if necessary, outfit and landing money allowances. As regards passages, the following was suggested as a basis for discussion: One-third of the passage money to be given as a free grant and one-third as an advance, the latter to be increased up to two-thirds in special cases where the Governments concerned are agreed as to the desirability of the assistance being given and as to the prospects of repayment. The cost of the assistance so given to be divided equally between His Majesty's Government and that of the Dominion concerned, the latter undertaking to collect the advances on behalf of His Majesty's Government. The repayment to be devoted to additional assistance to passages. Contributions to schemes of child emigration or settlement to be wholly in the form of grants and not of loans.

5. If any Dominion would prefer, in lieu of a joint contribution to assist passages, some alternative scheme for the assistance of settlers generally or for land settlement, His Majesty's Government to consider the allocation to such scheme of the amount it would otherwise have contributed to assisted passages in respect of settlers proceeding to that Dominion.

6. In view of the commitments of His Majesty's Government to its ex-service men up to the end of 1922, and of the arrangements already made by other Governments for their own schemes of assisted passages, it is not contemplated that the general scheme for assisted passages referred to above should come into operation before the middle of 1922 or the beginning of 1923.

7. All settlers receiving assistance under any of the above schemes to be subject to selection and approval by His Majesty's Government and by the Government of the Dominion concerned. Preference to be given, as far as may be possible, to ex-service men.

8. As a part of this general scheme of co-operation, the Dominion Governments to make special arrangements for the reception, distribution, and initial supervision of British settlers, who should, as far as conditions permit, be given preferential treatment over foreign immigrants. His Majesty's Government on its side to undertake to make the necessary corresponding arrangements for furnishing information and advice and for carrying out any policy with regard to Oversea settlement and emigration that may be agreed upon.

These proposals were approved of by the Conference, the representatives of the Self-governing Dominions expressing the view that they contained a generous offer on the part of His Majesty's Government and represented a sound and practicable scheme. It was clearly understood that the offer was conditional upon the full financial co-operation of the Dominions concerned as regards both land settlement and assistance in respect of passages.

The Conference passed the following resolutions:—

"1. That this Conference recommends the proposals appended to the Minutes of its meeting of the 4th February (*i.e.*, the proposals given above) to the most careful consideration of the Governments of the Empire for discussion and final decision at the forthcoming meeting of Prime Ministers.

"2. That in cases where money for expenses overseas is advanced to settlers from Government funds, the money should be paid to the Oversea Representative in this country on the settlers' account and transmitted overseas for payment to the settlers on arrival.

"3. That the bonus system, *i.e.*, the system of recruiting settlers by means of *per caput* bonus payments to third parties, should be abolished as from the 1st July, 1921.

"4. That it is desirable, in order to emphasize the distinction between the movement of British subjects within the Empire and emigration to or immigration from foreign countries, that such expressions as 'oversea settlement,' 'Empire settlement' or 'British settlement,' 'oversea settlers' or 'British settlers' should be used in connection with the movement of British subjects within the Empire in preference to 'emigration' or 'immigration,' 'emigrants' or 'immigrants,' these latter expressions being confined to movement to and from countries outside the Empire."

Conference of Prime Ministers, 1921: Section X of Report (Cmd. 1474/1921).

X.—*Empire Settlement and Migration*

The question of Empire Settlement and Migration was considered by a special Committee under the chairmanship of the Secretary of State for the Colonies, and the following Resolution was finally adopted by the Conference:—

"The Conference having satisfied itself that the proposals embodied in the Report* of the Conference on State-aided Empire Settlement are sound in principle, and that the several Dominions are prepared, subject to Parliamentary sanction and to the necessary financial arrangements being made, to co-operate effectively with the United Kingdom in the

development of schemes based on these proposals, but adapted to the particular circumstances and conditions of each Dominion, approves the aforesaid Report.

"The South African representatives wish to make it clear that the limited field for white labour in South Africa will preclude co-operation by the Union Government on the lines contemplated by the other Dominions.

* Annex I.

"(2) The Conference expresses the hope that the Government of the United Kingdom will, at the earliest possible moment, secure the necessary powers to enable it to carry out its part in any schemes of co-operation which may subsequently be agreed on, preferably in the form of an Act which will make clear that the policy of co-operation now adopted is intended to be permanent.

"(3) The Conference recommends to the Governments of the several Dominions that they should consider how far their existing legislation on the subject of land settlement, soldier settlement and immigration may require any modification or expansion in order to secure effective co-operation; and should work out, for discussion with the Government of the United Kingdom, such proposals as may appear to them most practicable and best suited to their interests and circumstances."

Annex III

Empire Settlement Act, 1922

Chapter 13

An Act to make Better Provision for Furthering British Settlement in His Majesty's Oversea Dominions. [*May* 31, 1922.]

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. (1) It shall be lawful for the Secretary of State, in association with the Government of any part of His Majesty's Dominions, or with public authorities or public or private organizations either in the United Kingdom or in any part of such Dominions, to formulate and co-operate in carrying out agreed schemes for affording joint assistance to suitable persons in the United Kingdom who intend to settle in any part of His Majesty's Oversea Dominions.

(2) An agreed scheme under this Act may be either—

(*a*) a development or a land settlement scheme; or

(*b*) a scheme for facilitating settlement in or migration to any part of His Majesty's Oversea Dominions by assistance with passages, initial allowances, training, or otherwise;

and shall make provision with respect to the contributions to be made, either by way of grant or by way of loan or otherwise, by the parties to the agreed scheme towards the expenses of the scheme.

(3) The Secretary of State shall have all such powers as may be necessary for carrying out his obligations under any scheme made in pursuance of this Act:

Provided that—

(a) the Secretary of State shall not agree to any scheme without the consent of the Treasury, who shall be satisfied that the contributions of the Government, authority or organisation with whom the scheme is agreed towards the expenses of the scheme bear a proper relation to the contribution of the Secretary of State; and

(b) the contribution of the Secretary of State shall not in any case exceed half the expenses of the scheme; and

(c) the liability of the Secretary of State to make contributions under the scheme shall not extend beyond a period of fifteen years after the passing of this Act.

(4) Any expenses of the Secretary of State under this Act shall be paid out of moneys provided by Parliament:

Provided that the aggregate amount expended by the Secretary of State under any scheme or schemes under this Act shall not exceed £1,500,000 in the financial year current at the date of the passing of this Act, or £3,000,000 in any subsequent financial year exclusive of the amount of any sums received by way of interest on or repayment of advances previously made.

2. His Majesty may by Order in Council direct that this Act shall apply to any territory which is under His Majesty's protection, or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions as if that territory were a part of His Majesty's Dominions, and, on the making of any such order, this Act shall, subject to the provisions of the Order, have effect accordingly.

3. This Act may be cited as "The Empire Settlement Act, 1922."

Annex IV.

Agreements Entered into Under "The Empire Settlement Act, 1922."

(i) *Schemes Concluded up to April* 18, 1923.

(a) *Passage Schemes.*

1. A Passage Agreement, dated the 19th July, 1922, has been concluded with the *Government of the Commonwealth of Australia* for the assisted migration of suitable persons (men, women and children) desiring to settle in the Commonwealth. Under this scheme the assistance normally takes the form of a free grant of one-third and a loan up to one-third of the cost of the passage. Additional assistance by way of loan is given in special cases towards the cost of passages, and provision is made in necessitous cases for assistance towards other expenses. The cost of the assistance granted is shared equally by His Majesty's Government and the Commonwealth Government. The probable cost to His Majesty's Government during 1923-4 is approximately £420,000.

2. A Passage Agreement, dated the 28th August, 1922, has been concluded with the *Government of New Zealand* for the assisted migration of suitable persons (men, women and children), the Dominion Government and His Majesty's Government contributing upon an agreed scale by way of grant and loan towards the cost of passages. The probable cost to His Majesty's Government during 1923-24 is approximately £125,000.

(b) *Land Settlement Schemes.*

(See Appendix II to Report of Committee on Overseas Settlement, page 149.)

(c) *Other Schemes.*

1. Passage Agreements have been concluded with the *Dominion of Canada*, providing for assistance to the following classes of settlers:—

(a) *Children.*—Grants of 80 dollars per head in respect of the transport expenses of 5,000 children (boys and girls) not less than 8 years of age at the date of sailing, or who have not reached the age of 15 years on the 1st April, 1923, and are sent to Canada under the auspices of a recognised Child Migration Society. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.

(b) *Single Women.*—A loan of the minimum third-class fare to approved domestic household workers from port of embarkation in this country to their rail destination in Canada. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.

(c) *Families.*—A loan of 75 per cent in the cost of transportation in the case of families nominated by a person of British birth domiciled in Canada and proceeding to agricultural employment. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.

2. *Ontario.*—An Agreement, dated the 1st February, 1922, has been concluded with the Government of Ontario, for assisting 2,000 single men and 2,000 single women to migrate to Ontario during a period of twelve months. The men will be placed on farms and the women in household service.

3. *Society for the Oversea Settlement of British Women Loan Fund.*—An Agreement has been concluded, dated the 19th March, 1923, supplementing the Loan Fund of the Society. Assistance will be granted to suitable women settlers who are able to bear the whole of the expenses of their journey overseas, and who are not eligible for assistance under Agreements with Oversea Governments. The estimated cost to His Majesty's Government during 1923-4 is approximately £2,500.

(ii) *Schemes under Negotiation on April 18, 1923*

(a) *Land Settlement Schemes*

(Since concluded: See Appendix II to the Report of the Committee on Oversea Settlement, page 149.)

(b) *Other Schemes*

1. *Salvation Army.*—Agreements are nearing completion for dealing with:—

(*a*) Single women; and

(*b*) Blind-alley boys.

2. *Church Army.*—An Agreement is nearing completion for training boys for farm work and girls for domestic service.

3. *Dr. Barnardo's Homes.*—An Agreement has been drafted for assisting, as an experiment, parties of 75 boys and 50 girls to proceed to New South Wales, and is awaiting an indication of the amount of assistance which will be afforded by the Commonwealth Government.

4. *Fellowship of the Maple Leaf.*—An Agreement has been drafted, and is now with the Society, for supplementing their Loan Fund, out of which they assist teachers to proceed to the Western Provinces of Canada.

5. *Australian Farms, Limited.*—A scheme is being discussed whereby the Company will raise a loan for a land development scheme on condition—

(*a*) that the interest on the loan is guaranteed to them for a term of ten years, and

(*b*) that they will raise at least an equivalent loan without a guarantee of interest.

This scheme is now being considered by the Directors of the Company in Australia.

6. *Child Emigration Society.*—A scheme has been agreed in principle for assisting the Fairbridge Farm School in Western Australia with the provision of new buildings and the maintenance and training of additional children.

7. *The Craigielinn Boys' Training Farm.*—An Agreement is now ready for assisting in testing 100 boys per annum in Scotland with a view to their migration to Canada and Australia. This Agreement will probably be signed at an early date.

8. *British Dominions Emigration Society.*—An Agreement has been drafted for assisting seventy-five families to proceed to Canada during the next three months.

ANNEX V

MIGRANTS OF BRITISH AND IRISH NATIONALITY TO AND FROM EXTRA-EUROPEAN COUNTRIES IN THE YEARS 1913, 1921 AND 1922

	Emigrants	Immigrants	Excess of Emigrants
British North America—			
1922	45,818	16,197	29,621
1921	67,907	21,055	46,852
1913	190,854	26,288	164,566
Australia—			
1922	39,099	8,310	30,789
1921	27,751	8,861	18,890
1913	56,779	12,351	44,428
New Zealand—			
1922	12,259	2,223	10,036
1921	11,513	1,568	9,945
1913	14,255	2,446	11,809
British South Africa—			
1922	8,772	7,509	1,263
1921	12,903	5,894	7,009
1913	10,916	10,541	375
India and Ceylon—			
1922	7,054	4,299	2,755
1921	9,830	9,393	437
1913	6,810	5,928	882
Other parts of Empire—			
1922	5,408	5,039	231
1921	6,873	5,776	1,097
1913	5,432	3,971	1,461
Total, British Empire—			
1922	118,410	49,687	68,723
1921	136,777	52,547	84,230
1913	285,046	61,525	223,521
Total, foreign countries—			
1922	55,686	18,339	37,347
1921	62,700	18,820	43,880
1913	104,348	24,184	80,164
Total, all countries—			
1922	174,096	68,026	106,070
1921	199,477	71,367	128,110
1913	389,394	85,709	303,685

BRITISH AND IRISH SUBJECTS RECORDED AS EMIGRANTS FROM OR IMMIGRANTS INTO EACH DIVISION OF THE UNITED KINGDOM IN THE YEARS 1913, 1921 AND 1922

	Emigrants	Immigrants	Excess of Emigrants
England—			
1922	110,198	52,568	57,630
1921	128,383	54,998	73,385
1913	271,756	64,219	207,537
Wales—			
1922	3,628	980	2,648
1921	3,614	1,306	2,308
1913	5,040	1,585	3,455
Scotland—			
1922	39,857	9,029	30,828
1921	41,424	10,602	30,822
1913	68,202	13,965	54,237
Ireland—			
1922	21,093	5,439	15,654
1921	26,056	4,461	21,595
1913	44,006	5,550	38,456
Total, United Kingdom—			
1922	174,096	68,023	106,070
1921	190,477	71,367	125,110
1913	389,394	85,709	303,685

MIGRATION FROM THE UNITED KINGDOM, 1871-1920

Period.	Excess of outward over inward passengers of British nationality to and from non-European countries
1871-80	981,000
1881-90	1,728,000
1891-1900	726,000
1901-1910	1,481,000
1911-1920	1,004,000

NOTE.—The information obtained prior to the 1st April, 1912, did not distinguish between migrants and other passengers.

COMMITTEE ON OVERSEA SETTLEMENT

REPORT

The Committee appointed by the Imperial Economic Conference at its meeting on the 9th October, 1923, to consider problems connected with oversea settlement within the Empire was constituted as follows*:—

Great Britain—

Chairman, Lieutenant-Colonel A. BUCKLEY, D.S.O., M.P. (Parliamentary Secretary to the Department of Overseas Trade and Chairman of the Oversea Settlement Committee).

The Right Hon. L. S. AMERY, M.P. (First Lord of the Admiralty).

Canada—

Mr. F. C. BLAIR (Secretary, Department of Immigration and Colonization).

Commonwealth of Australia—

Senator the Hon. R. V. WILSON (Hon. Minister in Charge of Departments of Health and Migration).

*Mr. G. F. Plant (Overseas Settlement Department) and Mr. C. B. Burdekin (Office of the High Commissioner for New Zealand) acted as Joint Secretaries to the Committee.

SESSIONAL PAPER No. 36

New Zealand—

The Hon. Sir JAMES ALLEN, K.C.B. (High Commissioner for New Zealand).

Union of South Africa—

Sir WILLIAM MACINTOSH, M.L.A.

Irish Free State—

Mr. E. J. RIORDAN.

Colonies and Protectorates—

The Hon. W. G. A. ORMSBY-GORE, M.P.

The Committee held its first meeting on the 11th October, 1923.

The Chairman, in his opening statement, dealt generally with those aspects of oversea settlement which are common to all Dominions.

The oversea representatives replied dealing specially with the problem in its relation to their respective territories.

It was agreed that the representatives of His Majesty's Government should meet the representatives of Canada, Australia, New Zealand and South Africa separately.

The results of these meetings were considered at a further meeting of the whole Committee held on the 2nd November, when it was decided to submit the following Report:—

I.—GENERAL POLICY

The Committee endorse and reaffirm the policy of State-aided Empire settlement submitted to, and approved by, the Conference of Prime Ministers, 1921 (see Cmd. 1474, Resolution X and Appendix V), and implemented in the United Kingdom by the passing of the Empire Settlement Act, 1922.

The aim of this policy is a redistribution of the white population of the Empire in the best interests of the Empire as a whole.

State-aided Empire settlement should be regarded, not as a means of dealing with abnormal unemployment in the United Kingdom, but as a means of promoting primary production and increased trade, thus permanently minimising the risk of unemployment both in the United Kingdom and in other parts of the Empire.

The Committee have carefully considered the results achieved under the Empire Settlement Act, and estimate that by the 31st December, 1923, upwards of 40,000 settlers will have been assisted to proceed from the United Kingdom to other parts of the Empire at an outlay of about £800,000, in part recoverable, and shared between the Imperial Government and the Governments of the Dominions concerned. It must of course be borne in mind that these figures refer only to State-aided migration under the Empire Settlement Act. The total number of persons who migrated to the Dominions (chiefly to Canada) during the year ending the 30th June, 1923, was 132,000, of whom 22,498 received assisted passages under the Act and approximately 11,200 were granted passages under the Government free passage scheme for ex-service men and women.

These results would seem to be incommensurate with the needs of the situation, both in the United Kingdom and in the Dominions, more especially in Australia and Canada, but it is clear that the rate at which any redistribution of the white population of the Empire can take place must be governed by the rate at which the Dominions can satisfactorily absorb these new settlers.

The Committee have carefully considered the causes, partly political partly economic, which have checked the development of Empire migration and Empire settlement during the last two years. They would point out that a redistribu-

tion of population upon a large scale necessarily involves considerable initial expenditure, and requires scientific administration over a period of years. Such a policy can only be carried out effectively by the Governments concerned with the approval and continuous support of their respective peoples. A further difficulty arises from the fact that large expenditure has been, and still is being, incurred in the Dominions in the settlement of ex-soldiers upon the land.

Experience also shows that the figures of migration and settlement are highest in times of trade prosperity and lowest in times of trade depression. During the present period of depression, when agricultural operations and other branches of industry have in many cases been carried on at a loss, there has been a natural decline in the opportunities afforded to British settlers.

The evidence placed before the Committee does not suggest that the comparatively disappointing results achieved are due to lack of publicity or to deficiencies in organisation, either in the Dominions or in the United Kingdom, since the number of applicants in the United Kingdom has been continuously in excess of the demand from overseas. This does not, of course, imply that improvements in organisation cannot usefully be effected, and, as will be seen from the later paragraphs of this Report, arrangements have, in fact, been concluded during the discussions of the Committee for ameliorating in several particulars the facilities provided.

The Committee believe that the obstacles referred to above will tend gradually to diminish as the importance of a satisfactory distribution of population is more fully understood and as economic conditions improve; and they are confident that the ultimate results of the new policy will amply justify its inauguration.

They therefore recommend that the Governments of those parts of the Empire suitable to settlement should use every endeavour to ensure the progressive enlargement of the policy in their respective territories. Especially, it would appear to be of the first importance that every effort should be made to expedite development, *e.g.*, transport, irrigation, etc., in those parts of the Empire where such development is still needed. The rate of settlement in such areas must, it is clear, in a large measure depend upon the rate of development. In the earlier stages this is likely to be comparatively slow, but as the newly-developed areas begin to accommodate settlers, and as fresh development of further areas is initiated, the rate of absorption should increase more and more rapidly. Development works should therefore be pressed on as promptly and steadily as possible.

The Committee also believe that much may be accomplished by encouraging among the young during the years of education a desire for life upon the land, together with a knowledge of the geography of the Empire and the conditions of life and opportunities within its territories.

It is relevant to point out that the forthcoming British Empire Exhibition should exercise a valuable influence in directing attention to the opportunities afforded by life in the Dominions. The Committee are glad to hear that a special series of exhibits is being prepared for the British Government Pavilion with the object of illustrating the need for redistribution of population within the Empire and the advantages which settlement overseas offers to the right type of men and women in this country.

II.—Migration Arrangements

(A) SELECTION AND RECRUITING

The arrangements for selection and recruiting, both through official and voluntary channels, are at present adequate, except in the case of women, to ensure as large a flow of settlers as the Dominions can absorb. It is realised,

however, that as developments take place overseas, further measures may be required in order to stimulate applications for settlement. Certain of these measures are indicated under subsequent headings.

(B) NOMINATION

It is recognized that the successful settler is the best recruiter of new settlers. The nomination system is based on this principle. It is desirable, however, that the existing system should be extended, (i) by popularizing individual nomination by means of suitable publicity overseas, and by arrangements to relieve the nominator, whenever necessary and possible, of any obligation for the repayment of passage money, (ii) by encouraging collective nomination, i.e., nominations by churches and other groups or societies in favour of persons to be selected by kindred organizations in this country.

In the case of Canada, the nominator is liable for the repayment of advances of passage money made to the nominated settler. The Committee understand that this liability is likely to act as a deterrent, and it would seem desirable therefore that nominators should be released from this obligation. The Canadian Government have declared their willingness to relieve nominators of this liability in the future, whenever necessary and possible, and have also agreed to advances up to 100 per cent of the fare to approved persons proceeding under nomination to settle on the land in Canada. In the case of Australia, whilst nominated settlers are eligible for the usual free grant in respect of passage money, it is not the usual practice to advance any part of the balance cost of passages to nominated settlers. Where this is done, however, the nominee is solely responsible for the repayment of any advances. The Commonwealth Government have undertaken to consider the possibility of extending to nominated settlers the loan provisions of the Assisted Passage Schemes, which have hitherto been accorded to nominated settlers only in special circumstances.

As regards collective nomination, arrangements have already been made under which the British and Canadian Governments are jointly bearing the cost of sending two representatives of the Y.M.C.A. to Canada to organize the system through the various Churches, Masonic Lodges, Rotary Clubs, and other associations.

The possibility of sending representatives to Australia and New Zealand with the object of increasing collective nomination in those Dominions is at present under consideration.

It is clear that any reductions in passage rates, such as those discussed below, will stimulate the working of the nomination system, both individual and collective.

(C) PASSAGES

The Committee fully recognize the importance of cheap transportation in connection with migration and settlement. It is understood, however, that the steamship companies are not in a position at the moment to make reductions in general passage rates, nor has it been possible to arrange for a larger rebate on fares for assisted settlers.

In these circumstances, the Committee have taken into consideration the question whether any further contributions should be made by the British and Dominion Governments towards the cost of assisted passages.

Canada.—It has been arranged that the scheme entitling children to a free passage grant, which has hitherto applied only to children proceeding under the

children up to 16 years inclusive proceeding as members of families with their parents, provided that the parents are proceeding under an Assisted Passage Scheme. The age limits for children entitled to free passages proceeding under the auspices of societies, hitherto from 8 to 14 years inclusive in the case of girls, and from 8 to 16 years inclusive in the case of boys, have been extended in order to include, in approved cases, children below 8 years of age, and girls of 15 and 16. Consideration is also being given to the possibility of making the grants applicable to boys and girls of 17.

Under the nomination system, as mentioned in Paragraph (B) above, up to 100 per cent of the whole cost of the journey instead of 75 per cent may in future be advanced to the nominated settler, and the settler's own security will be accepted for repayment of the advance.

Women proceeding to household work, will, as at present, be eligible for an advance of the whole of their passage money, but they will in future be allowed a rebate of £6 from the sum repayable in respect of this advance, provided that they have completed one year's residence in household service on a farm in Canada, and have meantime repaid their loan instalments satisfactorily.

Australia.—The existing Assisted Passage Agreement provides for a free grant of £11, being one-third of the passage money, and a loan of the balance £22, where required, in all approved cases. It is felt that in spite of the generous provisions of this Agreement the amount of the advances repayable by families who have received this assistance is so large as seriously to handicap their successful settlement. In practice, this difficulty has prevented the acceptance of otherwise suitable families. In these circumstances, the Australian representative has undertaken that his Government shall consider the possibility of amending the existing Agreement as follows, viz., children under 12, whether proceeding as members of families or otherwise, to travel free of charge instead of at half fare, and the half-fare rate to be accorded to children over 12 and up to and including 16 years of age.

New Zealand.—The attention of the Committee has been called to the generous terms of the Assisted Passage Agreement which was revised shortly before the meeting of the Conference. This Agreement provides free passages for women proceeding to domestic service, and for children up to the age of 16 inclusive. Juveniles of 17 and 18 receive passages on payment of £5 10s. per head, whilst a man and wife, if accompanied by one or more children under 19, are provided with passages for themselves on payment of £11 each, each child under 17 receiving a free passage, and between 17 and 19 being charged £5 10s. It is, therefore, possible for a man and wife with a family of children under 17 years of age to proceed to New Zealand under the Agreement on payment of only £22.

(D) RECEPTION

The Committee have been impressed by the importance of adequate arrangements for the reception and absorption of new settlers. They feel that the arrangements described below should go far to meet the needs of the situation.

Canada.—The Dominion Government have decided to re-establish in the rural districts of Canada the Immigration Employment Service which ceased to function at the outbreak of war. The Agents of this Service in Canada will ascertain the number of farm helpers required in their several districts, and will forward requisitions for the desired numbers to the Canadian Superintendent of Emigration in the United Kingdom. The numbers required will be selected in this country by the usual process, and on their arrival in Canada, the new

settlers will be received by the Agents of the Employment Service and distributed to the farms where their services are needed. Should any settler fall out of employment, the Agent of his district will be prepared to assist him to find another suitable place.

Australia.—Under existing arrangements, the new settlers are met at the port of arrival by the Government Immigration Officers who arrange for their accommodation, if necessary, at hostels, from which they are distributed to their destinations in the country districts. Nominated passengers are, of course, received on arrival by their relatives or friends.

The Committee welcomed a statement by the Australian representative that he would gladly take up with the Governments of the Australian States the desirability of supplementing the existing arrangements by establishing Farm Reception Depôts in the various States, where settlers might be received, and afforded, where necessary, brief preliminary training before being placed out upon farms. These Depôts should be available for the accommodation of new settlers, who may not have found permanently satisfactory employment, at any time within, say, one year, from the date of their first arrival.

New Zealand.—The bulk of the new settlers for New Zealand are nominated by relatives or friends who generally meet them at the port of arrival, and immediately take charge of them. All other settlers are met by the Government Immigration Officers, and, where necessary, are accommodated in hostels until they can proceed to permanent employment. This system is regarded as adequate for the present.

(E) FAMILIES

The Committee agree that family migration is the ideal form of migration. There are, however, certain difficulties to be overcome if the settlement of families upon the land overseas is to be carried out successfully, viz:—

1. The difficulty which the head of a family finds in providing maintenance for his dependents while he is gaining experience in land work;
2. The lack of accommodation for families in the country districts overseas.

It has already been pointed out that the restrictions upon family migration which result from the high cost of passages have been largely modified by the liberal assistance afforded under the revised Assisted Passage Agreements mentioned in paragraph (C), Passages, above.

With regard to (1), the Committee have taken into consideration the feasibility of experimental schemes under the Empire Settlement Act for granting allowances where necessary to the heads of families (say 10s. a week for a wife and 5s. for a child) for a period not exceeding two months from the date of their arrival overseas.

Canada.—The Dominion representative, whilst making it clear that the provision of maintenance allowances for selected families presented various difficulties and might not be acceptable to his Government, has undertaken that the possibilities of introducing experimentally an arrangement of this kind for a limited number of families should receive careful consideration.

Australia.—The existing land settlement schemes for New South Wales, Victoria and Western Australia make certain provision for the maintenance of families during the initial period of settlement by means of the payment of wages or the like. These schemes, however, only deal with the limited number of settlers who have been selected with a view to their establishment as independent farmers on their own account. The Australian representative considered

that in the present position of the movement no further action was necessary by his Government, particularly as the difficulties in question would be to some extent met if the States established the projected Farm Reception Depots.

(F) CHILDREN AND JUVENILES

The Committee attach the greatest importance to the migration of children and juveniles, which they regard as one of the most hopeful of all forms of migration.

Canada.—The Dominion Government adhere to the policy, which has been successfully pursued for the last forty years, of encouraging the settlement in Canada of Children who proceed to the Dominion under the auspices of societies such as Dr. Barnardo's Homes. This system deals, generally speaking, with orphan and destitute children. In addition, the Dominion Government are anxious to stimulate the migration of children and juveniles proceeding as members of families and have agreed, as explained in paragraph (C) above, to extend the free grant at present given to children going out under the auspices of approved Societies to children going out as members of families as well as to children and juveniles preceding their parents under any other approved arrangements. Schemes for dealing with children and juveniles of the last mentioned class are at present under discussion with the Government of the Province of Ontario.

Australia.—A beginning has been made in regard to child migration on similar lines to the existing system in Canada, but the Australian representative considers that juvenile migration is better adapted to the local conditions of Australia, and hopes that that form of migration will be developed to the utmost possible extent. Schemes are already in existence in most of the States of Australia for the reception, placing and supervision of boys between the ages of 16 and 18. Under these schemes, the State Governments accept responsibility for the boys, placing them at agreed rates of pay under approved farmers in the country districts and keeping them under careful supervision. The bulk of the wages is deposited regularly to the credit of the boys in the State Savings Bank. At the end of their apprenticeship the boys will be helped to settle satisfactorily upon the land with a view to becoming independent farmers. If thrifty, they should by this time have a sum of about £100 to their credit in the Savings Bank.

(G) PUBLIC SCHOOL BOYS

Canada.—With a view to stimulating the settlement of public school boys and others of a similar class, the Dominion Government will consider the possibility of arranging with the Agricultural Colleges of Canada to offer free courses annually to a certain number of students from this country, and we will make efforts in other directions to encourage the movement of this class.

Australia.—With the same object in view, it is hoped to arrange at an early date for scholarships in agriculture to be awarded to selected boys in this country who would proceed to Australia and enter an Agricultural College or Training Farm in the Commonwealth. Steps would be taken to establish these boys as independent farmers under the existing land settlement schemes, or by means of the share-farming system, or some other suitable method.

New Zealand.—The New Zealand Government will take twenty selected boys a month and place them with suitable farmers for agricultural training. These boys will be under Government supervision throughout their training, and it is anticipated that suitable opportunities will be available for their settlement in New Zealand at the conclusion of their course.

Union of South Africa.—The scheme of land settlement referred to in section III will also deal with a number of new settlers of this class.

(H) WOMEN AND GIRLS

No redistribution of population can be effective unless it results in the settlement overseas of an adequate proportion of women and girls. The need of women for women's work in the household and as wives of the present and mothers of the future generations is urgent throughout the Dominions, most urgent of all in agricultural and newly developed districts. It is admitted that the numbers of women and girls who are proceeding overseas fall far short of this urgent demand.

The Committee consider that all possible steps should be taken to stimulate this form of migration, but they would lay equal stress upon the necessity for the most careful provision being made for the supervision and after-care of women and especially of young and inexperienced girls. They are glad to learn that women officers have already been appointed to assist in this work both in this country and overseas, and that steps are being taken to extend the system.

The following arrangements have been agreed with a view to stimulating the settlement of women overseas, viz.:—

Every family proceeding under nomination either to Canada, Australia or New Zealand will be authorised, if they so desire and subject to the concurrence of the nominator, to include one additional woman, either relative or friend, amongst their number.

Canada.—A rebate of £6 from the passage loan will be granted, in the case of women household workers who have satisfactorily settled on farms (see paragraph (C) above).

With a view to stimulating the settlement of women of a class corresponding to public school boys, the Dominion Government will consider the possibility of arranging free courses at the Provincial Agricultural Colleges in Canada for women students from this country.

Australia.—The Australian representative recommends a system of apprenticeship with all necessary safeguards, for girls from 15 to 17 years of age on lines similar to the South Australian system of farm apprenticeship for boys.

New Zealand.—The Government already stimulate the migration of women by granting free passages to domestic workers and additional concessions in respect of the fares of the wives of intending settlers with children. These arrangements are indicated in paragraph (C) above under the heading "Passages."

III.—Land Settlement

(A) SCHEMES

Canada.—The Canadian Government offer to ex-service men from other parts of the Empire the facilities afforded to their own ex-service men for settlement on the land under the auspices of the Soldier Settlement Board. Over 25,000 Canadian ex-soldiers have already been placed on the land in the Dominion by the Board. The number of British ex-service men so placed is 206.

The Soldier Settlement Act enables the Board to grant loans to settlers for the following purposes:—

1. To purchase land up to 4,500 dollars.
2. For stock and equipment up to 2,000 dollars.
3. For permanent improvements up to 1,000 dollars.

Loans are repayable in twenty-five consecutive annual instalments at 5 per cent interest amortized.

His Majesty's Government are considering the possibility of formulating a scheme in co-operation with the Dominion Government under the Empire Settlement Act, in order to enable larger numbers of British ex-service men to take advantage of this offer.

In present circumstances, the Canadian Government are not in a position to extend the privileges of the Soldier Settlement Act to men who have not served with the Forces.

Australia.—Schemes for land settlement in the States of New South Wales, Victoria, and Western Australia have already been concluded under the Empire Settlement Act. A summary of these schemes is contained in Appendix II. It is understood that the Australian authorities have under consideration schemes of development involving openings for land settlement which will be brought forward at an early date.

New Zealand.—The Dominion Government, as indicated in a preceding paragraph, have undertaken to place on farms under supervision a number of public school boys with a view to their settlement upon the land under favourable conditions, but so far have been unable to formulate further definite land settlement proposals.

Union of South Africa.—The Union Government, whilst stressing the fact that the limited field for white labour in South Africa precludes co-operation on their part on the lines contemplated by the other Dominions, are negotiating an agreement to enable a number of selected settlers (fixed provisionally at 500 per annum for three years) who possess not less than £500 of their own, to take advantage of the land settlement facilities afforded by the existing South African legislation.

Rhodesia.—The representative of Rhodesia expressed regret that in view of the fact that the new Government had come into existence as recently as the 1st October last, he was unable at present to submit proposals for co-operation under the Empire Settlement Act. In view, however, of the fact that the Government of Rhodesia is now in full possession of 50 million acres of unalienated land, it seemed probable that that Government would, in due course, desire to co-operate in schemes under the Empire Settlement Act.

(B) GROUP SETTLEMENT

The importance, as well as the difficulties, of land settlement and development have been referred to in an earlier paragraph of this Report, and it need only be added that the Committee hope that development and settlement may be stimulated by means of "group settlement." A system of placing new settlers upon the land in groups is already in operation in Western Australia. The Committee regard the results as hopeful, and it has been agreed that experiments should be undertaken with a view to the adoption of the system in other suitable parts of the Empire, and its extension on the following lines. The object of the system would be to select in the United Kingdom groups of families not drawn as at present from various parts of the country but connected by some bond of sympathy, such as residence in the same town or district, or membership of the same organization, and to settle these groups under skilled supervision upon a suitable tract of land overseas. The groups would not form isolated communities, but would be intermingled, *ab initio*, with the existing population, and the area chosen would be sufficiently extensive to allow of the settlement from time to time of further groups from the same

source and similarly connected. This form of settlement should not be confused with community settlement in the sense of settlement upon a communal basis. At the same time, every advantage would be taken of the principle of co-operation in respect both of purchasing equipment, etc., and of marketing produce. The Committee are of opinion that such schemes, especially if linked up with some local organization in the Mother Country would be of great assistance in the recruiting of large numbers of suitable settlers.

Both the Canadian and Australian representatives have agreed to discuss with the Provincial and State Governments the inauguration of some such schemes in favourable areas in their respective Dominions.

(c) TRAINING

The Committee have come to the conclusion that such training (apart from any brief period of testing in order to ensure suitability) as may be required by persons in the United Kingdom who contemplate settlement upon the land overseas should be undertaken overseas and not in this country. It was admitted that a brief period of testing in this country might conduce to the elimination of unfit persons, but the Committee felt that if such an experiment were to be tried the cost could not be shared by the overseas Governments. The Canadian representative intimated, however, that his Government would be prepared to supply free of charge instructors familiar with Canadian conditions.

As regards women, the Committee considered that if it were decided to arrange for the training of selected women for household service overseas, such training should be given in this country. At the same time, the Dominion representatives made it clear that they could not commit their Governments to sharing part of the cost of such training.

IV.—Conclusion

In view of the results enumerated above, the Committee venture to think that the discussions which have taken place have not been unfruitful. It will readily be understood that in the time at the disposal of the Committee it has not been practicable to arrive at definite decisions in all cases, since the representatives of the several Dominions have naturally had to refer certain questions for examination by their Departments at home. It will be seen, however, that the questions dealt with during the sessions of the Committee include provisions for stimulating the working of the nomination system; larger contributions towards assisted passages, especially under the very important heads of families and children; provision for the reception of new settlers; arrangements in regard to children and juveniles, public school boys, and women and girls. As regards land settlement a valuable scheme is under negotiation with the Government of the Union of South Africa; the Australian Government hope before long to be able to bring forward important proposals for development and settlement; and the possibilities of group settlement have been explored. The Committee in reporting these matters to the Conference venture to express the hope that the several Governments concerned, both in Great Britain and the Dominions, will look upon the results attained as an instalment only of what might be achieved, and will be unremitting in their efforts to further the policy of redistribution of population alike by the removal of any obstacle to which their attention may be called, and by framing fresh schemes of land settlement as and when circumstances may permit.

Signed on behalf of the Committee,

ALBERT BUCKLEY
(Chairman).

November 2, 1923.

APPENDIX I

ASSISTED PASSAGE RATES TO CANADA

(Ordinary Third Class Fare approximately £16)

Class of Settler	Assistance Granted under Existing Agreements	Modifications to take effect from January 1, 1924
Single farm workers (nominated)	Advance up to 75 per cent of cost of journey if nominated by British subject resident in Canada, and proceeding to farm work, joint undertaking to repay [illegible] nominee.	Advance up to 100 per cent to all persons nominated by Canadian Government Employment Agents (or by private persons as before), the bond of nominee himself being accepted as security for repayment.
Single women (household workers)	Advance up to 100 per cent of cost of journey.	Advance up to 100 per cent, with conditional rebate of £6.
Families (nominated and proceeding to farm work).	Advance up to 75 per cent of cost of journey on joint bond of nominator and nominee.	Advance up to 100 per cent on bond of nominee alone. Children accompanying parents assisted under the Empire Settlement Act to be eligible for free grant of cost of journey not exceeding $80. One additional single woman to be included in each nominated family if so desired.
Children and juveniles proceeding under the auspices of societies.	Free grant of cost of journey in respect of children (boys, 8 to 16; girls, 8 to 14).	Age limits to include all children and juveniles up to their seventeenth birthday.

ASSISTED PASSAGE RATES TO AUSTRALIA

(Reduced Third Class Fares £33.)

Class of Settler.	Assistance Granted under Existing Agreements.	Modifications to take effect from January 1, 1924.
Non-Nominated—		
(*a*) Single men and single women.....	One-third free grant; remaining two-thirds as loan, with additional loan of landing money where necessary	[illegible] Additional single woman to be included in family nomination.
(*b*) Families.....	One-third free grant; loan of remaining two-thirds and of landing money, where neces-	See note below.
(*c*) Children and juveniles.....	One-third free grant; two-thirds loan	See note below.
Nominated—		
Of any of the above classes.....	One-third free grant; balance passage money to be pro- [illegible] nominee. No loans granted except in special cases	Loan of balance passage money to be made where necessary, in cases where the Commonwealth Government are satisfied as to the status of the nominator.

NOTE.—The Australian representive has agreed that the following concessions shall receive the consideration of his Government, viz., free passages to children under 12, and half fares to children of 12 and up to 16 years of age inclusive.

Appendix II

Australia

Summary of Existing Land Settlement Schemes

(a) *Western Australia.*—An agreement with the Commonwealth Government and the Government of Western Australia for settling 75,000 new settlers within a period of from three to five years, and establishing about 6,000 of these settlers on farms of their own at an estimated cost, excluding passages, of £6,000,000. The British Government will pay one-third of the interest for a period of five years on loans raised to finance the scheme.

(b) *Victoria.*—An agreement for assisting 2,000 persons to settle on farms of their own in Victoria over a period of fifteen months. The contribution of His Majesty's Government takes the form of a payment of one-third of the interest on loans raised to finance the scheme, a loan of one-half of the wages paid to the settlers while engaged on preparatory work on their own farms, and a guarantee to the Victoria Government against one-half of any losses (with a maximum of £300) which they may incur through making advances (approximately £625) to the settlers for the purchase of stock and equipment.

(c) *New South Wales.*—An agreement for assisting 6,000 persons to settle on farms in New South Wales over a period of five years. The contribution of His Majesty's Government takes the form of a payment of one-third of the interest on loans raised to finance the scheme, a loan of one-half of the cost of sustenance of settlers and their families during training, and a guarantee to the bank in respect of advances (approximately £500) to settlers. The agreement was signed on the 1st June, 1923, and will come into operation on the 1st February, 1924.

CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

The proceedings began with the following statement by the Chairman at the Seventh Meeting of the Conference, held on the 10th October, 1923:—

The Chairman: The next subject on the Agenda is the question of financial co-operation. I think it is apparent from all the discussions we have had that settlement, markets, Preference, and finance are really all different aspects of the broad question of development, and the extent to which development programmes can be carried out is the measure of the production which can be obtained and the measure of the extent to which settlement can be undertaken.

ACCELERATION OF DEVELOPMENT SCHEMES THROUGHOUT EMPIRE OF VITAL INTEREST TO GREAT BRITAIN

I will say at once that to us in this country it is of the most vital interest, both directly and indirectly, that the putting in hand of these development schemes all over the Empire should be speeded up. It means an earlier chance for settlers and for more of them; it means—you know our unemployment situation in this country and the prospects that are before us—it means immediate orders, and it means a growing trade coming from the development and the production which fosters, and therefore we feel most strongly that no possibility should be left out of account which can help to speed up development. Now we

have already taken up the question of Preference, and I want to put to you another aspect this afternoon, the question of direct finance. I think it is also clear from the statements every body has made around this table that if the Dominions are to undertake large schemes of development, two conditions are necessary: in the first place, as Mr. Bruce so well put it, a reasonable certainty that there will be a market for the produce of the population, and secondly that the financial commitments which are undertaken will not in the initial stages place an undue burden on the particular State or the particular undertaking.

The first of those questions we are going into on other subjects. I want to consider this afternoon whether we cannot use our credit to co-operate with you in the second, the purely financial question. I put in my opening of the Conference the general proposal. As I say, you have got programmes of development, every one of you, which you hope to undertake over a period of years. If we could speed them up on sound terms it is good policy and it is good business. We have been following that policy here. We have followed it in our home affairs under the Trade Facilities Act by the giving of guarantees. We are following it to-day in getting local authorities and Public Utility Companies to anticipate their programmes; to put in hand work they would not put in hand for some years, and we give them financial assistance in order to get that done; the value to us of course being the immediate orders which we get and the development of sound revenue-producing schemes. It is a policy which we propose to follow in helping on the most rapid possible development through the Colonies. Now it is true that we already grant funds under the Settlement Act and the money voted under that financial assistance goes for the development of settlement; but my broad proposition to you to-day is, if we can get the speeding up of the development programmes that lie before you over a period of years, if we could get the earlier undertaking of works which would place orders here, we should be prepared to assist directly and financially.

You will remember that in the early stages we tabled this as a subject for discussion. We sent to you last July a telegram, which was in these terms: "Following is general indication of lines on which His Majesty's Government, subject to results of discussion at Economic Conference, would be prepared to consider schemes of financial co-operation which may be proposed with view to assisting early development of public utility undertakings in the Dominions and India which without such assistance would be delayed, or not proceeded with. Undertakings assisted should be of a nature which if put in hand rapidly would confer a real benefit both on Dominion and India and on employment by placing of orders in United Kingdom. Conditions and limits of financial assistance and shares of co-operating Governments in such assistance would be settled in each case by special agreement. Without excluding from consideration any form of assistance His Majesty's Government consider guarantee of interest or advance of part of interest for limited period is likely to prove the most generally useful method. Specific proposals under an agreed general scheme would naturally be examined carefully by competent authorities both in Dominion and India and United Kingdom before approval." I need not elaborate here the question of guarantee. It is present to all your minds that in the first place there will be cases where a mere guarantee would not afford adequate financial inducement. In the second place the addition of a direct British Government guarantee might not give a material financial advantage; it might make little or no difference in the rate at which the money can be borrowed. I know there is also the question in considering guarantees which certainly you will have to take into account, whether the acceptance—and upon this I think opinions will differ—whether the acceptance of a guarantee to an issue would tend to depreciate the value of past or future unguaranteed issues.

GRANT OF INTEREST DURING INITIAL STAGES

I think therefore the most hopeful system is that of a grant of part interest over a period in respect of anticipated schemes which are put in hand before their normal time and which are reflected in orders placed here. Now let me take one or two concrete examples of what I mean arising out of the kind of statements which have been made here.

NEW ZEALAND'S HYDRO-ELECTRIC SCHEMES

Let me take New Zealand. Mr. Massey spoke to us of programmes of hydro-electric development. Normally I take it those programmes are going to be spread over a period of years and the orders will come here. Well, we want orders as quickly as we can get them. This is our black time. You would be glad enough, I presume, to get the development quicker if you were satisfied with the financial conditions. Normally that development would spread over a period of years. Would you put it in hand more rapidly and place the orders here if we helped the accelerated part of it with interest during the initial stages?

Mr. MASSEY: Most certainly.

AUSTRALIAN RAILWAY SCHEMES

The CHAIRMAN: Now let me take again the kind of subject I think that came out in Mr. Bruce's speech and which have been constantly discussed here by Australian representatives. There are big tentative schemes of railway development in Australia. Some are going forward in any case, but there are schemes of one kind or another which are postponed or not taken in hand yet because the immediate financial outlay would not be justified. If it can be arranged that there should be a grant of interest for some part of the initial period, part of the interest for an initial period, in respect, say, of that proportion of the capital of these anticipated schemes which was represented by orders here and by freight, would you undertake those in the immediate future?

INDIA'S DEVELOPMENT PROGRAMME

Take India. Mr. Innes gave us a picture of a big programme. There was, if I remember right, £70,000,000 worth of orders which would be placed over five years. Now what I would put to you is: Supposing assistance were given in the matter of interest, would it be possible for India to increase the programme above the figure at present in their minds and/or alternatively—I put it for preference "and"—while increasing the aggregate of the programme to take some of the orders of the later years and put them in earlier years? For instance, you have this programme spread over five years, that is, say, £15,000,000 a year. Now can you take all or any part of the last two years' programme and put it in hand in the first two years if some assistance were given in the matter of interest? Those are the kind of things which I wish to see if we can accelerate to our mutual advantage.

FOUR CONDITIONS OF PROPOSED SCHEME

I think that in proposals of this kind there are four conditions which ought to be fulfilled.

First Condition.—In the first place we should have to be agreed as to the character of the schemes. I think they should be (and I use the word in its broadest sense) schemes of a public utility character. I think it is plain that we could not be giving direct financial assistance in order to establish a compet-

ing industry with something that exists in this country. Personally, I hold the view that the broader the development, generally the better it is in the long run for the good of the whole Empire. But it is one thing to take that view and it is another thing in a time when you have very serious unemployment to give direct financial assistance to establish an industrial concern; therefore I put it, that the type of scheme should be public utility undertakings; and those are the kind of undertakings which are the initial prerequisites of development. But granted that the undertaking was of a public utility kind, I think we should hold equally open to assistance such an undertaking, whether it is directly conducted by the State or by a Local Authority or by a Municipality or by a Company.

Second Condition.—Secondly, the scheme to be assisted must be a scheme the development of which is being anticipated. It is not possible, I think you will agree, to contemplate the giving of subsidies for work which in any case is going to be put in hand. That would tend on the one hand to raise prices and on the other to make people sit back on their haunches and say: "If we are to have grants for something which in any case we are going to do, then we shall not progress till we get them." But there is a clear distinction between work which is going forward in any case and what I call anticipated development work put in hand before its time, and this only applies to work put in hand before its normal time.

Third Condition.—Then the third condition (naturally the immediate interest to us is that we should get orders in this time of our very dire distress) is that these schemes should be reflected in orders placed here.

Fourth Condition.—The fourth condition is what I will call joint responsibility, that is to say, if a scheme is put up by a Dominion Government or by a Government of a State within a Dominion, we should both accept some share of responsibility for it. If the undertaking is a State undertaking, of course you do accept direct financial responsibility for it, because it is carried out with money raised by you. It is a State Loan, and the financial liability of that loan is there.

If, on the other hand, it were put forward by a public utility company which we were asked to support, I think then, in that case, the project being for our mutual advantage, we should both take some share in supporting that Company. That condition would, of course, automatically apply wherever it was a State undertaking. The condition of dual responsibility would only have to be made effective in the way I have suggested where it is to be undertaken by a Company or Local Authority.

MEASURE OF ASSISTANCE WOULD VARY WITH DIFFERENT SCHEMES

Now if those general lines are acceptable and are useful, I think it would be perfectly easy to devise machinery in the Dominions, in India, and on this side to test the schemes and to settle the terms for each. The measure of assistance would naturally have to vary with different schemes. Some are of a more remunerative character than others. If you get a scheme which is likely to show considerable profit in a reasonable time, that requires less assistance; and it would be reasonable that, if it showed surplus profits after a period of years, then the advance made by this country might be paid back out of surplus profits.

You get other schemes which are very necessary, but which are not going to be revenue-producing on any considerable scale for a considerable time. In these cases the measure of financial assistance would probably have to be larger in order to justify the Dominion in undertaking it immediately; and the prospects of ultimate repayment would be much more remote, and possibly it would

not be in any case susceptible of repayment at all. But what we could say on this side would be: We want to go in for this policy; it is good for us; we hope it will be good for you if you are prepared to take it up, and we will devote a certain sum of money each year to make these grants on agreed schemes which are put in hand in the immediate future.

A BUSINESS PROPOSITION

Now I am putting this forward, not as a philanthropic proposition, and not as an unsound one economically. I am putting it forward as a business proposition. It is good business for us if we can get orders and get development more quickly; the better the prospect of settlement the more immediate the development of trade. It is good business for you—at least I think so—because you get the development quicker and the increase of population and increase of wealth with this financial assistance earlier than you otherwise would. We have all been saying here: We have got this great undeveloped Estate; and the whole job of this Conference is to push on with its development. I am putting this forward as another practical suggestion and contribution, which, I believe, will be for the benefit of both sides; and I would just add this, and this alone: This is not an uneconomic specific. I believe it to be an absolutely sound policy economically, because what it comes to is this, that together we are using our credit, not to do something which is uneconomical, but to speed up the normal revenue-producing development earlier, and at the time when we need it most. That, Gentlemen, is the broad proposition I want to put before you.

DISCUSSION ON CHAIRMAN'S STATEMENT

Sir LOMER GOUIN: As you were told yesterday by my colleague, Mr. Graham, Canada is an industrial, as well as a farming country, and for that reason, your proposition, which is very interesting, does not appeal as forcibly to Canada as it might to some of the other Dominions. I understand that your idea is to solve the problem of unemployment in this country, the depression of British Trade, and to assist in the development of the Dominions and Colonies. The main proposition that I find in your scheme is, firstly, an offer by the British Government of an advance of capital or a guarantee of interest on capital . . . .

The CHAIRMAN: It was the other way on; either a guarantee of capital or an advance of some part of the interest.....

PROPOSALS NOT OF DIRECT INTEREST TO CANADA AT PRESENT

Sir LOMER GOUIN: To create new public utility undertakings; and this conditionally, provided the Dominions or the States interested should contribute for a same amount or a same proportion of the guarantee of interest or capital. Secondly, that the work should be started at once; and, thirdly, that the machinery necessary for the equipment should be purchased in the British Market. As to the extent of capital and guarantee of interest, we are happy to say that in Canada in the last year, and for years, has been able to borrow all the necessary money for any of her undertakings on her own credit. As to the public utility undertakings, we are amply provided with our canals and railways. As to waterpowers; I think that, more than any country, we have developed some of the very many waterpowers that we have, so that we do not see very well the advantage that we could derive from your proposition.

What we need most is an increase in population and goods to keep busy the public utility undertakings that we now have in our country. If we need more of them, some more developments, as you make it a condition for such an advance of capital or guarantee of interest on the capital that we should come

to the British market or to the British manufacturers for our machinery, we are not sure that this proposition would be welcomed in our country, because we produce; we manufacture machinery ourselves, and all that is necessary for such development. All this is, Mr. President, not to discredit, in any way, your very interesting proposition for some of the other Dominions. We certainly approve of it, and we would take advantage of it. Some day we may have to take advantage of it, but just now I may say we do not see that we are directly interested in the proposition.

AUSTRALIA WELCOMES PROPOSALS

Mr. BRUCE: Mr. President, I certainly desire to say, on behalf of Australia, that we welcome very much the attitude the British Government has taken up with regard to this matter, and we certainly recognise the way you have put it forward, but I think it much better that at a Conference of this character we should put the case as we see it from our own side. You have, with perfect frankness, said you have an industrial situation which you want to relieve and, with all respect, I think Australia would say you have taken the very statesmanlike way of trying to deal with it by development in the Dominions. We certainly welcome your scheme very much, and I am very hopeful that in some ways it may be of very great mutual benefit to us, if we avail ourselves of the suggestions which you have put forward.

ADVANCE OF INTEREST MORE SUITED TO AUSTRALIA'S NEEDS THAN GUARANTEE

As far as the suggestion of guarantee is concerned, I am inclined to think that that is not a matter that interests Australia at all. We are in a position to raise such moneys as we require for our own development, and owing to an admirably respectable past, generally speaking, in our financial affairs, we can raise our money on terms which I do not think would be very materially affected even if we had a guarantee, for, in a way, we are trying to avail ourselves of the credit of the British Empire rather than Australian credit. Of course, I appreciate there might be some slight difference, but I can see rather serious complications in the future on the basis of a guarantee, and as, happily, we are not in the position, with regard to any scheme of this character, of having to take that course, I think Australia would regard a guarantee as not being a side of the scheme that she was interested in.

The CHAIRMAN: I mentioned it rather to put it aside. It had been suggested. I agree that the advance of interest is the most promising way.

Mr. BRUCE: Believe me, I think it is very admirable that a guarantee is given. I should certainly say, with regard to a small Colony, for example, that it might be the solution of a great deal of trouble in finance. I am merely putting it from our point of view. As regards the other side, the interest side, that might very possibly be of great importance to Australia, because, mainly speaking, development is dependent upon finance. In Australia we are certainly not in the happy position of Canada in being able to say that we have explored all the possibilities, and that there is nothing, if we were favoured by circumstances, which we could not press on with. We believe there are innumerable things, but certainly our programme for the future is very much conditioned by the burden that we can place on our present population. When I say it is conditioned by finance, I do not mean by the amount of finance that could be raised on one's credit; I mean the burden of interest that one could place upon the people. There are, in Australia, a number of schemes which, unless we could put them in hand and proceed with them at once, without immediately incurring a great burden of interest which would have to be met by

the people, and unless we had had a large flow of migration into the country, would mean increase in our taxation. We have had to put these schemes aside; we could not go on with them. But these proposals of yours open the door to the possibility of very considerable acceleration because we regard any scheme with which we are going forward as being very wise schemes, and schemes which will promote the well-being of Australia, and which, after a very short time, will give us a very great return for our money. A guarantee over a period of years, while these schemes were coming to fruition, might be of the greatest interest to Australia, because we would press on with their development; we would not have to cast a greater burden upon our people while those schemes were coming to productivity, and when the full burden of interest fell upon our shoulders we would hope to be enjoying the results of our enterprise and energy in having promoted the schemes.

CONDITIONS OF SCHEME ACCEPTABLE TO AUSTRALIA

I say unhesitatingly from Australia's point of view that we are extraordinarily interested in this scheme, and I hope that something material will develop from it. It has the characteristic that it is an extremely good one both from the point of view of Britain and from the point of view of Australia. That we should develop as rapidly as possible is our great desire; I think that we should develop as rapidly as possible is your great desire also, because our purchasing power increases and we become a greater factor in Britain's trade.

With regard to the condition that the moneys which are raised, or the amount upon which interest is guaranteed, shall be determined upon the amount of the supplies we take from this country, we entirely agree with that condition, because there would be no reason for your making this proposal to us unless it was going to be of some benefit to you. Of course in any schemes that we put forward we shall be able to take advantage of your proposals only in so far as we cannot supply our own requirements in our own country. We are not going to injure our own industrial development in order to get an advantage in interest and place orders in Britain which we could well fill in our own country. Unfortunately we are not so industrially developed at this moment that with regard to many of the schemes we have in mind, we could contemplate meeting or could hope to meet all our own requirements. To put them through we would have to go somewhere to obtain part of the equipment we required. If we can come to Britain, and as a result of coming here get assistance in the interest, which will allow us to speed up development very greatly, that is a thing which we think will be of mutual benefit to both of us. We also like to think that we would be coming here and providing employment, because that would increase your purchasing power, and we hope that you are going to buy things from us with that increased purchasing power.

So that from every point of view we certainly welcome this scheme greatly, and we are now very anxious to discuss concrete propositions with you, and see whether an arrangement can be come to to bring the Australian Government and the British Government together. I will be quite frank and say that I did not really regard this with very much interest before yesterday, because, as I have said, we can only speed up and press on, if at the end of a period of five or ten years we can visualize such an increase in our population and such a strengthening of our position that we can carry the additional burden of interest comfortably. But until you shed a ray of hope and light on the situation yesterday I was very doubtful whether there would be anything we would be able to do. But your having given us that earnest yesterday of your intention to do everything possible to try and help us in the direction I suggested, I am

fairly confident that there are a number of very sound schemes we would be able to put before you which will fulfil all the conditions you are asking for, and which, if they are put into operation, will greatly help in the development of Australia and will, I hope, be of considerable assistance to you at a time which you have described as one of very dire distress in Great Britain. On behalf of Australia I welcome the scheme, and say that we will do everything in our power to see if we cannot act with the British Government in regard to it.

COLONIES' NEED OF DEVELOPMENT

If I might commit perhaps an indiscretion, as I certainly did yesterday, I would like to say that we would certainly welcome this scheme from another aspect and that is, we would regard it as being a very wise action to have taken so far as the Colonies of the Empire are concerned. We believe it may give them a great opportunity for very considerable expansion, and I am sure that, in the case of your Government, this action is not being taken merely because of the necessities of the moment. I believe it is being taken through true statesmanship also—that you do wish to try to bring the Colonies to the fullest state of development possible. I think I may say, on behalf of Australia, that we are not quite convinced that some action of this sort so far as the Colonies (I am not for the moment talking of the self-governing Dominions) are concerned, might not have been taken at an earlier date, because we do sometimes look at our own great countries and what we have been able to do with them with our own powers of self-government—I agree it is an impertinence - but sometimes the self-governing Dominions do commit the impertinence of wondering whether the Colonies are developing quite as fast under the rule they enjoy as under the rule which you have been good enough to give us.

ADVANCE OF INTEREST WOULD ACCELERATE NEW ZEALAND'S DEVELOPMENT SCHEMES

Mr. Massey: Like the previous speakers, Mr. President, I agree that the Representatives of the Oversea countries who are here to-day, each and everyone, must look at this matter from the point of view of the country to which he belongs. Now I believe that great good may result from the scheme. I welcome it unreservedly, I believe New Zealand will welcome it; I am sure it will, and I believe if it is brought into operation it will do a lot of good, not only in developing the country, but also to Great Britain itself. I believe it will do good at both ends of the World—if I may put it that way. As far as the actual provision of money is concerned, I am happy to say that our credit is quite good, and for the last few years we have had no difficulty at all in raising the amount of borrowed capital which we required; as a matter of fact, I think I am not boasting in saying that we are able to get money just as cheaply in London as the Chancellor of the Exchequer himself, and that is saying a very great deal. I hope it will continue. Going further, I speak of New Zealand as a developing country and we are developing just as rapidly as we can manage. This will help us to develop more rapidly; and that is an important point. I would like to be clear on this point. While I say, so far as obtaining the actual cash is concerned, we can do pretty well—I do not think it will be necessary to come to the British Government itself—the assistance in the way of interest is quite a different matter, and I should be glad to hear something more definite with regard to that.

INSTANCES OF UNDERTAKINGS IN NEW ZEALAND LIKELY TO BENEFIT

You will understand what I mean when I say what we are doing. I have already referred to the schemes for developing hydro-electricity. We have a number of these schemes on hand at present. Local bodies have some, and on

the whole I think we may look forward to spending, including what has been £15,000,000. There is plenty of running water in the Dominion and plenty of spent in the last two or three years on hydro-electricity, probably not less than opportunity for using it for the purposes of electricity. Then our railways are not nearly complete. We have between 3,000 and 4,000 miles of railway, and New Zealand is not the easiest country in the world in which to build railways, but I can think of another 250 miles which are in course of construction now and which are very urgently required. We talk about land settlement in a free and easy way, and we forget that it is not of the slightest use putting settlers on the holdings unless you give them access to the holdings. They must have ingress and egress. We try to keep abreast of settlement in this way. I said, I believe, we have at least 250 miles of railways to complete, and the work is going on now. We have approximately 6,000 men employed in public works regularly; the number hardly varies from month to month. Perhaps for a few weeks at Christmas men go for a holiday and the number is reduced for the time being, or in a bad winter, when work is scarce and we have unemployment, we get more, and they are put on public works.

In addition to the railways, there is the roading question itself. The building of roads in New Zealand was commenced about sixty years ago, and we have just an ordinary macadamized road, sometimes, not always, a macadamized road—simply broken metal or gravel—and up to a certain point there was nothing very seriously wrong. There have been tremendous developments and along comes the advent of the motor-lorry. Instead of the horse-wagon of perhaps 2 tons axle-load, along comes the motor-lorry carrying 10, 12, or 15 tons, and while the macadam road will stand that sort of thing in a fairly dry summer, what about the winter? When bad weather in the winter comes the road goes to pieces, and I am sorry to have to admit that the roads last winter suffered badly. In some places we have had to pull off motor-lorries for the time being. There would not be a trace of the road left if we had not done that. They have to be withdrawn in the winter months, but only temporarily. We have to take up a great roading scheme at once, we cannot wait for it, and I do not think it is any use to go in for anything else but concrete roads, and they are exceedingly expensive. But the position has to be faced. We have had this matter before Parliament on several occasions and Parliament has agreed to legislation, but legislation is only a very small part of what is required for road-making schemes. We have to find the money and we have to find the labour.

If the President would give us some idea of what the British Government propose to do in the way of assisting and developing the countries of the Empire with regard to interest, then I could tell him pretty well what my country would do. I think we are paying 4½ per cent, that is the net rate we have been paying, including the cost of raising the money, stamp duties, and so on. I think that is about it. If for a period of, say, three or five years the Government come along and say: "We will assist you to the extent of half this interest or until the work which is being proceeded with becomes interest earning," I can say what we shall be able to do. Something of the sort will be necessary. We need to know exactly what we are doing, and so far as I am concerned, I say unreservedly I believe we can make a great deal of use of this proposal and do a great deal with it, and directly a great deal of good would come to Britain itself.

With regard to migrants, it is the case, I am sorry to say, that you have more people in this country than the country can keep. That is the position you are up against, and you have to get rid of some of your population, and some parts of the Empire are undoubtedly places to which these people ought to go. If we can find employment for a few thousand in each of our countries, if we can find employment for a few thousand men extra on these works of which we are thinking and speaking, then we can come along to Great Britain

and say: "We want 3,000 or 4,000 more next year," and you would be relieved to that extent. I know it is not a very great deal compared with the difficulty with which you are faced, but every man who goes from this country to the oversea countries of the Empire helps to relieve the pressure and solve the problem, and I believe it is well worth thinking out. I think it is the most beneficial proposal that has been placed before this Conference so far as developing countries are concerned, and we are all developing. The surface of the oversea countries of the Empire has only been scratched. We have only got to the fringe of farming, with one farm in twenty complete. We are just taking what nature produces for us, and the markets of Britain and other places are prepared to take our produce, but without an increase of production we cannot do any good in our own countries or in Britain.

CONCRETE PROPOSALS TO BE DISCUSSED AT A LATER STAGE

The CHAIRMAN: Might I say this now? As I say, Mr. Massey, I was giving the broad outline of the scheme, and I think it is plain that you cannot lay down a hard and fast rule as to what interest is going to be paid in any given case, the interest must necessarily vary, but when we come to the end of this discussion probably those of us who think we can take advantage usefully of this will be able in a much smaller body to go into it in detail. We could, in discussion with the Chancellor of the Exchequer and myself, go into the thing in greater detail and bring back a concrete scheme.

AUCKLAND HYDRO-ELECTRIC SCHEME

Mr. MASSEY: Here is one instance that occurs to me. In New Zealand we are just about commencing a big hydro-electric scheme for the purpose of supplying Auckland city and part of the Auckland district with electricity. I do not know that the work has gone on except preparation in making roads, the roads over which the machinery will be carted and roads for the men at work. This work is estimated to cost certainly not less than a million and a half. It will require a dam, and where a dam is required it makes the production of hydro-electricity much more costly than it otherwise would be. In many places there are natural dams, lakes from which the supply of water can be taken. In this case there is a river with plenty of water, but we have to build a dam over 100 feet high in order to get the water supply that is wanted. Now you will come along and say to us, finish this in about four years—I do not think it can be finished under—and we will help you with half the interest that the capital will cost until you get a return from the work itself. In the same way I mentioned yesterday tenders are now being invited: we do not do our railway work by contract work—not as contracts are understood in Britain—it is done by piece-work, that is, co-operative parties get together and get a small contract and go on with the work. In many cases we pay the ordinary wages. As I was saying, we are trying to let a contract for the construction of 25 miles to finish a piece of line on the east coast of the North Island of New Zealand which will connect Auckland city with a well settled district and a flourishing town on the coast. By that means we shall probably get the work done much more rapidly than if we proceeded with our co-operative men. If that turns out to be a success, we intend to go further with it, but it all comes back to this: there are many, many millions required for the development of New Zealand, and I suppose the same thing obtains in Australia and South Africa and even Canada. I know Canada fairly well, and I know a great deal of work has been done there. I know what has been said by the representative of Canada is absolutely correct. I take the responsibility of saying I shall be very glad if the scheme is carried out and to assist my country in taking advantage of it.

SOUTH AFRICAN GOVERNMENT UNDERTAKINGS NOT LIKELY TO NEED FINANCIAL ASSISTANCE FROM GREAT BRITAIN

Mr. BURTON: I take it that your remarks to-day really contemplate, very much as your Trade Facilities Act does, expenditure in Governmental schemes in the Colonies and Dependencies; although I happen to know, and no doubt you know too, of one case in which you exhibited quite a sympathetic attitude to expenditure in the Union, in one big matter. I am not sure that you are aware of it. However, we appreciate very much the attitude of the British Government in all our financial relations with them and the way you have treated our financial needs and requirements from time to time, but, like the rest of the Dominions, our position really is that, so far as Government schemes are concerned, we raise our money for ourselves. So really that leaves two things, one is the scope that this kind of expenditure would have in respect of public utility schemes for which the Government itself had not primary responsibility and, in the second place, private schemes, schemes in which private enterprise was engaged.

The CHAIRMAN: Not only, Mr. Burton; because surely while you raise your money at a very good rate, if you get an advance of interest from the British Government during the initial stage that is a direct advantage over and above the rate at which you can raise your money.

Mr. BURTON: Yes. We are not in South Africa by way of refusing anything which is to our advantage. I do not suppose we differ from the rest of mankind in that respect. I agree with the views that have been expressed by the representatives of Canada and Australia particularly, and what strikes me in the matter of the financial enterprises of a Dominion Government, is that our self-respect alone would place us in the position of having to do this work for ourselves, and we can do it, unless there is really some scheme in which it is clear that your special advantage is linked up with a rapid and immediate advantage of our own, when some mutual arrangement of that sort might be made. But, broadly speaking, we look after financial affairs of that sort for ourselves.

POSSIBLE APPLICATION OF PROPOSALS TO PUBLIC UTILITY AND PRIVATE UNDERTAKINGS

So that I come to the two things that I have already referred to, namely, Public Utility Schemes for which the Government is not primarily responsible and schemes involving private enterprise. As to the public utility schemes, it would be impossible to lay down any general kind of undertaking. Every one of these schemes would have to depend entirely upon its own merits and would have to be examined carefully and exhaustively by the Union Government and no doubt by yourselves, before any kind of arrangement could be made involving these advances.

So far as South Africa is concerned I may tell you, speaking as Minister of Finance, I feel that we are already involved in very considerable development schemes, as much as our financial situation can carry for the present. It is really in respect of the assistance which can be given to private enterprises in important matters that the advantages of the proposals which you have made come in and with respect to that I am bound to say that if you get to business—because this is precisely one of the matters in which we are wasting our time here by simply talking in generalities—the need is to find out in which particular things and in what parts of the Empire you can do something and to do them at once.

As far as I can make out from the papers given to us the sort of things which are contemplated are mainly railways, harbours, lighting and power and water conservation. In respect of most of those, as I say, our business is to do those things ourselves, but there is one way which I can can think of now, and which I want to put to you, in which, if you get to work, and we shall get to work, we can really do a great deal for the development of South Africa, and in which I think you will be able to reap great advantage from the point of view you have been urging.

PLEA FOR APPLICATION OF SCHEME TO COTTON GROWING IN SOUTH AFRICA

There has been recently sent out to South Africa an expert of your Empire Cotton Growing Corporation. He has made an exhaustive examination of the whole of that country and he has issued a report which, if you have not seen it, I strongly recommend you to read. It is one of the most important and most interesting documents I have seen for a long time. Mr. Keatinge, whose report I refer to, says that there can be no doubt there is going to be a great development of cotton growing in South Africa. He puts it down at very large figures in the not distant future and he says in one part of his report that what has got to be done now is for active steps to be taken. Well, I know, we in South Africa all know, what has been done in cotton growing there already and that the possibilities are immense. Our people are beginning to look it it and have already taken steps in the way of growing cotton, but a great deal more is necessary before the kind of thing which you have in mind and which I have in mind also, can be accomplished. Now what Mr. Keatinge says in one part of his report—I hope I don't weary you with this.

The CHAIRMAN: No.

Mr. BURTON: Because the matter is of very great importance indeed and it is an extremely interesting thing, one of the most interesting things I have come across for a long time. Mr. Keatinge sums up his examination, a very exhaustive examination of the main parts of South Africa in which this can be done, by saying that there is going to be a large development of the cotton industry in South Africa. The Empire Cotton Growing Corporation can do much to help and expedite this movement and the moment is opportune for such assistance to be offered. If the Corporation decides to associate itself with this important development the assistance given must be on an adequate scale and to take full advantage of the existing opportunities a decision should be reached without delay.

These are the things that he put to the Empire Cotton Corporation and he makes recommendations to them. He also makes recommendations to the Union Government. These recommendations, let me say, embrace the establishment of experimental stations in the Transvaal and the establishment of stations for cotton collection and so forth. These recommendations we are either already carrying out, or will carry out. The recommendations will involve considerable financial responsibilities by us, but in the main we have already done or are going to do them. Our part of the business, therefore, I can commit the Union Government and the people of South Africa to in the main. There is one very important point which he makes. He points out that one of the great difficulties in respect of the successful development of this industry in South Africa is the difficulty of handling and marketing the stuff there. The farmer has to wait a long time before he gets his money, and Mr. Keatinge suggests that a most important thing would be for a branch of the Empire Cotton Growing Corporation to be established in South Africa, with the support of the Union Government.

The CHAIRMAN: I think the South African Committee of the Corporation have arranged already to meet General Smuts this month and go into all this.

Mr. BURTON: I am very glad to hear that. I am quite sure that in this respect we can do a great deal in the development of South Africa, to help ourselves and to help you also. You have presented to us the desirability of the Empire growing more sugar, cotton and tobacco. The rapid and large development of these things will assist you, not merely in your difficulty with regard to unemployment here, but in your financial relations with other parts of the world; and here is something which to my mind, as far as my country is concerned, is tangible and practicable, and which we can put our hands to at once. So far as we are concerned in the Union, we will do whatever is necessary on our part to assist the development, but your scheme of advances to assist in the rapid development will, I think, come in in South Africa perhaps better in this than in any other respect I can think of at the moment, in order to achieve your object.

Mr. RIORDAN: I do not think I can add anything worth while at the moment, but shall wait till the full scheme is known.

CONCRETE CASE ILLUSTRATING VALUE OF PROPOSALS

Sir MARMADUKE WINTER: Mr. Chairman, the advantage of such an arrangement as is proposed here has been recently illustrated in Newfoundland. Perhaps I may give you a concrete case. A reputable and wealthy English firm with a capital of 20 million dollars were anxious to develop the water power of the west coast of Newfoundland and to erect a paper and pulp mill, but they were only prepared to do it on condition that the Government would guarantee the principal and interest, that is 20 million dollars. The amount seemed to be very large considering the limited financial position that the country is in, and the matter was taken up with the British Government; and after considerable negotiations had taken place an arrangement was made with the British Government by which they agreed to guarantee 10 million dollars; that is half the amount required; and the Newfoundland Government agreed to guarantee the other half, on the understanding with the British Government that the 10 million dollars which they guaranteed would be spent in Great Britain in buying the machinery and material required for erecting the mill. I may say that the contract has been signed and the work is now well under way, and that the 20 million dollars will be spent within the next two years, which will mean an expenditure in labour in England of 10 million dollars, and will also mean that about a similar amount will be spent in Newfoundland where at present there is a great need of employment.

I may say that the necessity for a guarantee for such a large amount was not that the venture was considered to be doubtful as to the ultimate result, but in connection with the marketing of the bonds they would sell at a better advantage with a Government guarantee. Those who are acquainted with the enormous water power that we have in Newfoundland think that there is no risk whatever in the British Government or in the Newfoundland Government guaranteeing the bonds. As a matter of fact, I think, at the present moment the bonds are selling at a premium. However, that is a concrete case of the value of the proposition that we are now considering. Had we not received the assistance from the British Government which we have received, the contract would not have been signed and the project would have fallen through. I think it is a concrete case showing what good the proposal which the Government has made to us now is likely to do.

INDIA PREPARED TO CO-OPERATE

Mr. INNES: Mr. Chairman, I am afraid I have taken my own line on the last two subjects which have come before this Conference, but I am happy to be able to say that with regard to this particular question the Government of India are very anxious to co-operate with His Majesty's Government. In fact, I think I may say that we are already co-operating, probably to a greater extent than any other country represented round this table. I do not mean to suggest for a moment that we have embarked upon our development programme in order to help His Majesty's Government in their present time of trouble. As Mr. Graham said yesterday, we all have to look to the interests of our own country first, and we embarked upon these programmes because we were satisfied that the development was what India needed.

LARGE ORDERS BEING SENT TO GREAT BRITAIN AS RESULT OF PRESENT DEVELOPMENT SCHEMES

But it is a matter of great satisfaction to the Government of India that there is at the present time unprecedented activity in India in development, and that the result of this activity is that we are sending home very large orders to this country. I made my position perfectly clear this morning. I do not mean to say that we give any guarantee that we will always buy in England; we do not; we buy in the best market; but as a matter of fact we buy 90 to 95 per cent of our material in England. At the end of this year we shall have spent—on railway material alone—35 million pounds in the course of three years, and about 90 per cent has been spent in this country. With the full assent of the Legislative Assembly, only last year we decided that we must make a real effort to rehabilitate our railways, and for the rehabilitation programme we have set aside the sum of 100 million sterling. We anticipate that in the next five years 57 millions will be spent on material usually imported into India, and of that 57 millions I am sure that the British manufacturer will see to it that the greater part is spent in England.

That is by no means the whole story. I have referred so far only to the rehabilitation of the railways. We hope to be able to embark upon some new construction, although I recognise that new construction does not interest His Majesty's Government as much as rehabilitation at the present time. New construction naturally does not mean immediate orders for rolling stock. The Bombay Government has now also in hand a very large and very costly scheme for the development of Bombay City. That scheme will cost many million pounds. It is already in process of execution, and I am quite sure that that scheme has had the result of sending many orders to the British manufacturer. We have just sanctioned an enormous irrigation scheme called "The Sukkur Barrage Scheme," which will bring several million acres under cultivation, or, at any rate, render assured the cultivation of that area. There are other irrigation and hydro-electric schemes in contemplation. As I have said, that is what we have done so far. The Government of India are very anxious to co-operate in whatever measures may be necessary, consistently with the interest of India, to employment in the United Kingdom, and they have expressly authorised me to say that, with this object in view, they will endeavour to push on the execution of schemes which are projected or are in progress and which will involve considerable purchases outside of India.

DIFFICULTY IN ACCELERATING RAILWAY REHABILITATION SCHEMES

I should like, however, to safeguard myself in one point here. You, Sir, asked me a definite question whether we should find it possible to accelerate our

rehabilitation programme for railways and to execute this year orders which in the ordinary course would not be executed before, say, the fourth or fifth year. I am afraid that there may be difficulty in that. A railway programme, especially a railway programme of such magnitude as we have undertaken, a rehabilitation scheme, is not merely a matter of ordering rolling stock or rails or locomotives, as the case may be; it is a question of bringing the whole of our lines, all the lines throughout India, into a proper state of efficiency. In some places it is a matter of regarding the line, in other places it is a matter of crossing stations, in other places it is a matter of remodelling a station which at present happens to be a bottle-neck. It is not merely a matter of rolling stock, but having your line in such a state that you can make the best use not only of the rolling stock that you have got, but of such additional rolling stock as the traffic requires. Now, when you have a programme of that kind, it has naturally to be carefully thought out from year to year, and we are proceeding now at such a pace that it would be impossible for me to say that we shall be able to speed it up so much that we can place orders now for railway material and stock which ordinarily we should not require until, say, five years hence.

INDIA MAY BE INTERESTED IN OFFER OF ADVANCE OF INTEREST

As I have already said, however, we are prepared to examine such schemes as we have got in hand and to see whether they can be accelerated or expedited. We are prepared to do this without any reference to the offer which His Majesty's Government has just made. As the Prime Ministers of the Dominions have just said, in some ways the offer of guarantee of interest does not appeal very much to us in India, for in India, as in the Dominions, we have no difficulty now in raising what money we require at reasonable rates. As regards the other suggestion, of an advance of interest, all I can say at present is that if we can find, in regard to any particular scheme that an arrangement of that kind would be a sound business proposition, we will certainly consider it. That, I am afraid, is as far as I can go at present. I have no doubt that I shall get opportunities of discussing points of this kind privately with representatives of His Majesty's Government who are interested in this matter, when we shall be able to go into them more in detail.

SUGGESTION THAT TRADE FACILITIES ACT BE BROUGHT TO NOTICE OF BUSINESS INTERESTS IN INDIA

I have only one other remark to make, because I know the President wishes to go. What remark is in reference to the use of the Trade Facilities Act. I understand that private enterprise has already made use of the Trade Facilities Act in India. I have already said, on another occasion, that, owing to stagnation of trade and general depression, there is a certain disinclination at present on the part of private enterprise to embark on industrial undertakings. But, if I might make a suggestion, I believe it would have good results if this Act were brought to the notice of corporations and private firms in India. His Majesty's Goevrnment possesses the machinery for so bringing it to notice in the officers of the Department of Overseas Trade in India. I think that if action of that kind were taken by the Department of Overseas Trade in India it might lead to useful results and to business.

ATTITUDE OF THE COLONIES

Mr. Ormsby-Gore: The Colonies have been referred to in this debate, and in dealing with them I will endeavour to be as brief as possible. There is no doubt that Africa opens a great field for the development of transport [illegible]

railways and the like, and I hope you will not think it looking a gift horse too much in the mouth if I say that the success of the proposals of the President of the Board of Trade this afternoon, from the point of view of our Delegation, depends entirely upon conditions.

TREASURY CONTROL NOT ACCEPTABLE

If it means Treasury control I am afraid it does not mean Colonial development. That has been our experience in the past. We must also bear in mind that just as the credit of Australia and New Zealand has been alluded to in connection with this proposal this afternoon, so it is vital to bear that in mind in connection with the Colonies. After all, we raised £20,000,000 last year on our own. Nigeria comes out with a loan of several millions this week on its own. The budgets have been balanced; if they do not balance they get under Treasury control.

I think the most important consideration is that raised by Mr. Burton this afternoon as to whether bodies like the Empire Cotton Growing Corporation, with the assistance of the financial resources of the British Government, cannot come in and assist Colonial Governments to develop these undeveloped territories.

I am in a difficult position this afternoon, partly because there is at this moment sitting a Private Enterprise Committee, whose terms of reference are: "To consider whether, and, if so, what measures could be taken to encourage private enterprise in the development of the British Dependencies in East and West Tropical Africa, with special reference to existing and projected schemes of transportation." It may be that this Committee may recommend that the development of these tropical areas in future should not be what it has been in the past, a matter of State enterprise. Until that Committee has reported, it is very difficult for me to give an answer this afternoon. Of course, if anybody is coming with a free gift the Colonial Governments can spend it to great advantage.

May I say, just as Mr. Innes has informed the Conference that India is speeding up their orders as far as she can, that instructions have been sent to the Colonial Governments and the Crown Agents to do the same, and they are doing that to the utmost of their ability with a view to helping unemployment here? Of course, in developing some of these more backward countries, like Tanganyika, you have limitations of labour and limitations of other kinds to bear in mind, and consequently it all depends on the conditions and the limitations imposed on any assistance that is forthcoming before one can say how far these propositions will help forward the development of our Colonies and dependencies. With these few words, as I know you wish to rise, I will await the further discussion of the details now before you.

PROCEDURE FOR FURTHER EXAMINATION OF SCHEME

The CHAIRMAN: I think perhaps the most convenient course, subject to the Chancellor of the Exchequer—I do not think the experts can get very far with this until the Ministers have discussed it together—would be if we can arrange for an informal meeting at the Treasury between the Chancellor of the Exchequer and myself and one of the Ministers of each Delegation interested, Australia, New Zealand, South Africa, India. Mr. Burton, perhaps you will consider whether you——

Mr. BURTON: Yes. Unless there is something definite for us to discuss, some definite scheme, your proposal——

The CHAIRMAN: You are looking to the future when it would come in. What I think we ought to get down to facts on is the number of years for which the proportion of interest would be granted, what the amount of that proportion should be, varying with the different types of scheme and so on, whether it should be exclusively on orders placed here—these practical points—and I think we may also get down to——

Mr. AMERY: A small meeting to supply each Minister with enough material on the strength of which he could discuss it with his own people.

The CHAIRMAN: Mr. Massey would be in a position to discuss, and Mr. Bruce would.

Mr. BRUCE: Not definite schemes, but the definite limits.

The CHAIRMAN: Yes, within the limits. You will say if we paid ½ per cent for two years that is of no use—but I mean general terms.

Mr. CHAMBERLAIN: The general terms upon which this assistance should be given.

Mr. BRUCE: Is it proposed to arrive at a definite scheme as to what will be done if anything is proposed for a certain period and lay that down so that everybody will get equality of treatment, or is it proposed that if this proposal is generally approved on very broad lines it will be a matter for any Government producing a scheme to negotiate with the British Government as to what they will do with regard to it?

The CHAIRMAN: I think they would have to negotiate as to what they would do. We want to get the limits within which the terms would be apportioned. Obviously a scheme put up either by you or your neighbour might have less favourable terms because yours might be a much more revenue-producing scheme than his, but it is the broad limits of the terms we want to get at. I think this thing has gone far enough to show that it is clearly worth going on with, and we shall get schemes under it, and we want to get machinery for working it out, and the financial limits.

Sir LOMER GOUIN: Which would apply to all the Dominions.

The CHAIRMAN: Certainly.

Mr. AMERY: And private and municipal schemes of each Dominion?

Mr. CHAMBERLAIN: If we do once agree upon these terms they might be brought back again, and then those Dominions who, up to now, have not seen any possibilities in this might, after all, think it was worth while to send them back and consider them with their own people.

The CHAIRMAN: Surely; and indeed we should want to do that. We shall require, I think, legislation, and we should certainly wish to take that legislation with the full approval of the whole of the Conference. You would approve of it just as much, although you were not able to take as much immediate advantage of it.

Mr. GRAHAM: And we might be able to give more valuable advice by looking in.

The CHAIRMAN: Perhaps, Mr. Chamberlain, then you will arrange when it is convenient to you to have such a meeting at the Treasury.

In accordance with the decision arrived at in the above discussion, meetings outside the Conference took place of a small informal Committee of Ministers. The discussions in the full Conference were resumed at the Eighteenth Meeting, held on Friday, the 2nd November, 1923, as follows:—

The CHAIRMAN: The Chancellor is unable to be here himself this afternoon, but the Committee met to go into the question of financial co-operation, and

we arrived at complete agreement on that Committee, both as to the desirability of such a proposal and as to the terms of the scheme to be adopted. The Committee therefore proposes to the Conference that we should recommend for adoption the scheme which is set out on the paper which I have circulated and which comprises the proposals which the representatives of the British Government put forward as the result of the discussions which took place on the Committee.

The report of the Committee reads as follows:—

"The Committee on Financial Co-operation recommends for adoption by the Conference the following scheme which was submitted to the Committee by the representatives of His Majesty's Government:—

"The suggestion which the Imperial Government make is that in order to facilitate the anticipation of work which otherwise would not be taken in hand for some years, they should give a contribution towards the interest charges on loans raised for capital expenditure of this kind by public utility undertakings (viz., communications, power, lighting, water, drainage, irrigation, etc.). These undertakings might be under either public or private control or management.

"The assistance would be in respect of expenditure on orders placed in this country, and would be applicable only to schemes approved by the Dominion or Central Government concerned and certified by it to be in anticipation of normal expenditure. Payment would be made to the Dominion or Central Government which would be responsible for payment to the ultimate recipient.

"It is suggested that the maximum grant should be three-quarters of the interest charges for a period of five years.

"In order to qualify for the Imperial contribution a scheme must be accepted by the Imperial Government within the next three years. The approval on behalf of the Imperial Government would be given after consultation with the Treasury, the Colonial or India Office and the Board of Trade.

"It would be understood that priority will be given to schemes involving the earliest placing of orders."

If this scheme is adopted and recommended by the Conference, and as I say the Committee was unanimous in its favour, it would of course require legislation in this country, and the British Government would propose, if the scheme is adopted, to introduce legislation as early as possible to enable us to make these contributions of interest in order to anticipate the schemes. You endorse it, Mr. Graham?

A GENERAL WELCOME EXTENDED TO THE PROPOSALS

Mr. GRAHAM: Yes.

Mr. BRUCE: I do not think there is very much that one wants to say. We have, of course, all been at the meeting where it was discussed, and, as far as Australia is concerned, we quite concur in this proposal. I am very hopeful that something may flow from it. It may not be a Federal Government proposition; it may not be a State Government proposition; it may be a municipality or private enterprise proposing to press on with work in connection with public utilities in regard to which, as they are placed at the moment, they are unable to contemplate the full burden of interest involved in the expenditure they would have to undertake. But, with relief from the interest over a period while the initial stages are being passed, and having to bear the full burden only when the undertaking will have come on to a paying basis, I am reasonably

hopeful there may be something which will come from these proposals. I think we are very well advised to make the proposal as simple as possible. When we considered it before we had many complications which presented themselves, and I personally had some doubt whether the thing was practicable if we were going to introduce those complications, but now that it is based solely upon the amount of orders placed in this country (and that amount will be determined entirely by the country from which the orders are coming, and will only be placed when they are not in a position to fulfil their own requirements) and the interest relief is solely in respect of money actually expended, the scheme seems to me to be very simple, very easy of understanding, and I believe it is quite possible that some substantial benefit will arise from it. Certainly, as far as Australia is concerned, we welcome it, and even if no great results follow we think it a statesmanlike proposal of the British Government, and we will do anything in our power to see if some results can be achieved under it.

Mr. MASSEY: I agree with the scheme, Mr. President, and on behalf of New Zealand I accept it and will endeavour to make use of it at the earliest date possible.

Mr. BURTON: I have already indicated, I think, to you that I am quite satisfied with the scheme. If the proposals of the British Government do not result in business, then all I can say is I do not see how we can expect it to make any more favourable terms in order to get the business done.

Mr. RIORDAN: I entirely agree also.

Sir PATRICK MCGRATH: As I understand our Prime Minister was at the meeting this morning and agreed to it. I do not think there is anything for me to add.

Mr. INNES: I think, Sir, that everybody must recognize that this is a very liberal scheme, and the Indian Delegation will make it their business at once to place the scheme before the Indian Government and the local Governments, and I hope some of our local Governments may be able to make use of it for particular concrete schemes now held up for lack of funds.

Mr. ORMSBY-GORE: I do not think I need say very much except that we shall convey this to each of the Governments of the various Colonies and Protectorates, and ask them if they, as Governments, can suggest any schemes where this would be of assistance. Further may I say I am very glad you have put in either policy or privately controlled schemes, because we are most anxious in the Colonies and Protectorates to attract enterprise and capital to supplement Government efforts in this matter? I think that in that respect this assistance may be most encouraging and hopeful.

The CHAIRMAN: I think we are all unanimous. I take it the Conference will adopt the Report of the Committee and recommend the scheme, and probably, now this is definitely adopted and with our full agreement, you wish to communicate it home so that the terms of it might be known to your Government Departments as soon as possible?

Mr. BRUCE: I think publicity is essential if anything is going to come from it. If it is only limited to the knowledge of the Commonwealth and State Governments, there is no possibility of any municipality or private enterprise endeavouring to avail themselves of it. I suggest the earliest possible publicity. I will communicate with Australia at once of that is decided.

The CHAIRMAN: Then it is adopted.

TARIFF PREFERENCE

This subject was opened by Sir Philip Lloyd-Greame at the Fifth Meeting of the Conference, held on the 9th October, 1923, the discussion proceeding as follows*:—

The CHAIRMAN: I think the Conference will agree that there could hardly be a more apposite or comprehensive prelude to a detailed discussion on Preference in all its aspects than the speech delivered by the Prime Minister of Australia this morning,† and, as he truly said, the principle of Preference is definitely established, and we want to do all we can, all that is possible, in applying that principle to developing Inter-Imperial trade.

† See opening speeches, page 57.

BRITISH INDUSTRY CONVINCED OF VALUE OF PREFERENCES ACCORDED BY AUSTRALIA

Mr. Bruce said, "Were we convinced of the value of the Preferences accorded under the tariff to us?" There should be no doubt about that. There is nobody, I believe, in this country in business to-day who has obtained the benefits of these Preferences, who is not fully alive to the value of them, and intensely anxious that they should be maintained, and, as far as possible, extended, and I think there are very few people in this country, whether engaged in business or not, who do not hold the same view. They have been, and I hope will continue to be, of the most intense value to British trade and to British industry, and I think it is also true that they have increased our capacity to buy from the Dominions.

EXTENSION OF EXISTING BRITISH PREFERENCES OF MUTUAL ADVANTAGE

In the same way the Government here realises to the full that, in so far as we can increase and make more effective the Preference which we are now giving, that will not merely be of value to you, but will be of value to us also, because it will increase the whole inter-change of trade between us. I do not think Mr. Bruce puts it at all too strongly, and it has been put by General Smuts and by others, while we, in approaching this question, have realised this too, that it is impossible to expect the Dominions to absorb settlers in vast numbers unless you are reasonably sure that your settlers will find a market for that which they produce.

QUESTION NOT APPROACHED IN A BARGAINING SPIRIT

Therefore, we do not approach the question of Preference in any bargaining spirit—any more than you did in establishing the Preferences which you gave to us many years before we established the principle in our own tariff—but with a desire in this, as in other matters, to work out to the best of our ability practical steps that could be taken to improve the producing and the trade prospects of any part of the Empire. If I might put it in this way, I would say that we look at each as playing as a side and for the side.

EFFECTS OF EXISTING BRITISH PREFERENCE ON IMPERIAL PRODUCTION

Now Mr. Bruce gave figures, which proved very conclusively the value of the Preferences, and the effect of the Preferences which the Dominions had created. Even the Preference which we have created, and which exists to-day, has had a very marked effect on directing the course of trade and stimulating Imperial production. For instance, in the three years before the war, in cocoa, 48 per cent of what we consumed came from the Empire; in 1922-23, 93½ per cent was coming from the Empire. Coffee—you had 21 per cent before the war,

* A summary statement of the Preference proposals put forward by His Majesty's Government is given on page 241 *et seq.*

before there was any Preference; 35¼ per cent in 1922-23. Sugar, 6·9 per cent coming from within the Empire in the pre-war years; 22 per cent of our total imports coming from within the Empire in the last year. For molasses you get somewhat similar figures. Then you get the effect on dried fruits, of which I shall have a good deal to say in a moment. But even with the rate of Preference that there is to-day take currants, practically negligible before the war—0·4 per cent of our consumption came from within the Empire; last year 6·5 per cent. Raisins, 2·5 per cent coming from within the Empire before the war; 16·8 per cent this year. Raw tobacco 1·4 per cent before the war; 6·2 per cent to-day. Then, when you go into the industrial sphere—motor-cars—that is not without its interest in Canada—in 1919-20, when the Preference was just starting, just over 1·3 per cent of the importation coming from within the Empire; last year, 1922-23, 32¼ per cent coming from within the Empire. The same sort of thing you find happening under the industries, which are the subject of Part I of the Safeguarding of Industries Act, essential industries which we had to have for the safety of the Empire, in an emergency, and essential to this country also in peace, but made free throughout the Empire. Take things coming in from Canada like cameras and optical lenses; the immediate effect of that free Preference was to develop industry, trade and importations on a considerable scale, thereby bringing new money, new capital, more work, more opportunity and more settlers into the country.

Well now, take those few figures—I do not want to dilate too much, the field is unlimited—but does not that show the value of the policy, does it not show, without opportunity of contradiction I think, how sound a policy it is, that, wherever in this country we have a duty, we should give to the Empire a Preference on it, and that we should make that Preference as effective as we can?

SPECIFIC PROPOSALS OF HIS MAJESTY'S GOVERNMENT

Well now, I said I would at once on behalf of the Government put forward certain specific proposals immediately. We have considered them particularly exactly in the light that Mr. Bruce and Mr. Massey have laid stress upon. The importance of securing to the settlers—Mr. Bruce cited the Murray River, but there are other areas also as well as that—a market for all the different kinds of fruit which they produce, and not only that, but the development of all the ancillary industries, canning and so on ,that go with it.

(1) *Dried Fruits.*

Let me take these specific proposals; let me take dried fruits first. At the present moment dried figs, raisins and plums—which I believe for some horticultural reason include apricots but exclude peaches—are dutiable at the rate of 10s. 6d., a hundredweight coming from foreign countries, and the Empire receives a Preference of one-sixth, which is a Preference of 1s. 9d. a hundredweight. What we would propose is that the duty upon the foreign imports should be maintained at 10s. 6d. a hundredweight, and that all Empire products should come in free of duty, entirely free.

(2) *Currants*

Then I want to take the case of currants, which, while subject to duty, are in a different position. At the present time the duty on dried currants is 2s. a hundredweight, and there is a preference of one-sixth in favour of the Dominions, that is 4d. Now, without any question, we should of course be prepared to admit the Empire produce free, but if we did that alone that would mean there was 2s. against the foreigner, and the Empire currants came in free; that would only be a Preference of 2s. I think you know what the position is in regard

to currants. There is a Commercial Treaty between this country and Greece, which has in fact been denounced, but is retained subject to three months' notice on either side, under which we are precluded, so long as it is in force, from raising the duty above 2s. On the other hand, if you are satisfied that you are able to produce on a large and adequate scale, and that in order to do that a larger Preference is necessary, a larger rate of duty, we should be very ready to consider at a future date raising the rate of the currant duty to some measure which, while admitting Empire produce free, would give you a more effective Preference, and to fix here and now, in the course of this Conference, the rate of duty and the date at which that increased duty should be imposed. What I take to be the necessity for you, is to know that if your people undertake the growing of these crops there will be an effective Preference by the date the crop is ready for shipment and we should enter into an arrangement that the duty would be put on it in time to meet that.

Mr. MASSEY: Do you propose to fix the duty for a specified period, that is to say, for a number of years? Do you intend to attempt anything in that way?

The CHAIRMAN: I was going to make a proposal on that over sugar; that is a matter which certainly should be open for discussion. We have a specific proposal to make in regard to sugar which I think of exceptional importance, and we should be prepared to discuss it in regard to any of these products. Then I want to come to the other classes of dried fruits which are not at present subject to duty at all. Our Tariff is rather complex and quite illogical in this matter. As I say, some classes of fruits are subject to a duty, some are not subject to duty at all.

(3) *Other Dried Fruits.*

Now in regard to the other dried fruits, for example, dried apples, dried pears, and dried peaches, which are not subject to any duty, we would propose to take those types of fruit which are of interest to the Dominion and which they are growing, and put a duty of 10s. 6d. a hundredweight upon the foreign fruits and admit the Empire fruits free.

Mr. MASSEY: Dried fruits again?

The CHAIRMAN: Dried fruits, that is to say, if I may summarize it, in regard to the dried fruits now subject to a 10s. 6d. duty, we keep the duty at 10s. 6d. and give you 100 per cent Preference. As regards the other dried fruits which are not subject to any duty at all, we take those which are of interest to you, and we can settle the list, and put a 10s. 6d. duty uopn those and give you 100 per cent Preference on them. So much for dried fruits.

(4) *Other Preserved Fruits.*

Now let me take the case of preserved fruits, for example, canned, and bottled. Except for fruits which I have named, preserved fruits are not subject to any duty except upon the sugar content, if any. Here again we think we ought to be able to do something to complete the encouragement offered to the fruit grower, and to do something of value both to the grower and to the development of the ancillary industries. What we would propose would be that we should put an all-round duty of 5s. a hundredweight on the types of preserved fruits which are of interest to you, and admit your stuff free. That would mean that this fruit, when preserved with sugar, would obtain a double advantage. It would first of all obtain the Preference in respect of the sugar content, and it would then obtain a 5s. Preference on the fruit content. As I say, the list that occurs to one contains things like apples, pears, pineapples, peaches and nectarines. But we can settle a list which would be complete. We want to make it as complete as possible. I would only mention there one small point.

We would wish to exempt fruit pulp for jam making. It is a very important raw material for our jam makers. I only want just to table that exception now.

Mr. MASSEY: It will all come to you in the form of jam?

The CHAIRMAN: No, it won't, because we propose to tax jam. Jam is preserved fruit and will be subject to the double duty, first of all on the sugar content and then the 5s. duty on preserved fruit; so that is all right, Mr. Massey. So much for fruit, and I think that covers the whole area of the fruit grower's operations.

(5) *Sugar.*

Now let me take sugar. At the present time sugar is dutiable according to a scale which depends on the polarization of the sugar, with a basic rate of 25s. 8d. I think it is, a hundredweight on fully refined sugar. Empire sugar enjoys a Preference of one-sixth, that is about 4s. 3½d. a hundredweight or nearly a halfpenny a pound on refined sugar. Now that is a substantial Preference undoubtedly, but what we have felt and what has certainly been strongly put to us is, that if it was known throughout the Empire that the Preference—what I call roughly a halfpenny a pound—was going to last, that is quite good enough for growers to go in and develop sugar growing on a large scale and put capital into it. But supposing we were to reduce our sugar duty considerably in the next two or three years, and the Preference was only to remain one-sixth and was therefore going to fall substantially below the halfpenny a pound, all the growers' calculations would be upset. Therefore what we would propose in regard to that is, that we should give that guarantee of certainty over a period of, say, ten years and that we should undertake that the sugar Preference should not fall but be maintained at its present rate, which, as I say, is practically a halfpenny a pound, so long at least as the duty on foreign sugar did not fall below that level. That I think would give just the security which the sugar growers in the Crown Colonies and the Dominions want to make sure of before engaging in further work, and it is of enormous importance, in view of our financial commitments elsewhere, that we should draw as much sugar as we can from the Empire.

(6) *Tobacco.*

Then I want to take one other item. I have dealt with the whole of the fruits; I have dealt with sugar, and now I want to come to tobacco. At present the duty on tobacco varies according to kind, being higher on cigars and unmanufactured tobacco. On unmanufactured tobacco it is about 8s. 2d. per pound, on which the Emire enjoys a Preference of one-sixth. That is to say about 1s. 4d. on raw tobacco. With regard to tobacco, we want to submit two alternative propositions for consideration; either that, in the same way as we propose to deal with the sugar duty, we should stabilize the tobacco Preference, so that, so long as the duty was maintained at a level which permitted it, the Preference would not fall below its present actual cash value per pound; or, alternatively, that we should increase the rate of Preference, which is now one-sixth, to one-quarter; that would make the Preference about two shillings in the pound, as against 1s. 4d. at the present time. So we would submit those two alternative propositions with regard to tobacco.

SPIRIT IN WHICH PROPOSALS MADE

Now we want at once to table those proposals as an immediate and practical contribution conceived in the spirit of making Preference within the existing tariff as effective as we possibly can. General Smuts, I think it was, said that without revolutionary changes he thought we could do much of real value

We feel so too, and it is in that spirit we make those proposals. But let me make this clear. By making those immediate proposals we do not in the least want to pre-judge or to prevent or to prejudice the discussion of any other proposals or of any aspects of this question. We ought to face them all—it is what we are here for.

We all of us know that there are difficulties, but I think I speak not only for my colleagues, but for the whole Conference when I say, "Do not let us shirk it"; we have come here as a complete Imperial Economic Conference; let us face all the issues. Let us see what the facts are; and above all do not let us content ourselves or pass on to our constituents outside throughout the Empire formulæ in the place of facts.

PROCEDURE FOR DEALING WITH MR. BRUCE'S PROPOSALS

I do not want at this moment—and I am sure you would not expect me—to follow all the suggestions or to consider all the questions which Mr. Bruce raised this morning. All of them are essentially germane to the subject. All of them are subjects which we ought to discuss here, and I would, at this moment, only say this. I think we have felt that a Royal Commission would not really be the best body to debate this problem. After all, I am not sure whether Mr. Bruce meant precisely what we understand by a Royal Commission in what he said. He used it rather as a term of art or description I thought, unless I misunderstood him. What he said was in effect, "We want to get some body which can approach these questions impartially, which can carry conviction. Well, if an Imperial Economic Conference cannot approach these questions impartially, cannot carry conviction when it makes its findings and recommendations, I do not believe there is any body in the whole Empire which can. Therefore, I venture to suggest that it is this body, sitting round this table, which should have the courage to take these questions one by one and thrash them out.

Mr. BRUCE: That I would accept quite willingly. I do not know whether this Conference, sitting to the extent that it does, would be able to get through the work very rapidly or efficiently. It might conceivably be more suitable for only part of the Conference to do it, but, provided the thing were investigated at once, I would raise no objection as to what particular body examined these proposals in the first place.

Mr. MASSEY: I would just like to say that I am very glad the proposal to appoint a Royal Commission is not being pressed. My reason for it is this, and I cannot help thinking what was said on one occasion by a statesman who does not belong to the British Empire, that a Royal Commission was a very convenient way of burying a very difficult subject. I would not suggest that the British Government would do anything of that sort, but I know it has been done, and done pretty frequently, and it has been done overseas. We do not want it to happen in connection with an important subject like this, in which we are all concerned.

EXAMINATION OF PROPOSALS BY COMMITTEE

Mr. BRUCE: I would like to say a word with regard to that, because I cordially agree with Mr. Massey that a Royal Commission is a well-known and convenient method of getting rid of a number of subjects; but I venture to suggest that the Royal Commission which does that is the Royal Commission appointed when you are completely defeated yourself and have no sort of suggestion to put forward. I felt that I was not on quite such dangerous ground as it might appear in suggesting a Royal Commission or any other body to investigate it. When one has quite definitely put forward proposals, it is not

intended to ask a Royal Commission to solve things you cannot make any attempt at yourself, it is really intended to ask them to examine certain proposals that you have put up; something smaller than this whole Conference is really all I am pressing for as being a more convenient way of going into the matter than to have the whole Conference handle it as one of its ordinary subjects.

The CHAIRMAN: Would it be possible to meet the double point in this way, that we should take the subjects that you have raised and see at what date any part of them could be conveniently referred to an expert Committee?

Mr. BRUCE: An expert Committee?

The CHAIRMAN: Yes; I would say an expert Committee because you have raised—I do not want to discuss it now on its merits—the question of a large form of control of a producing and distributing and price-controlling agency. Well, it might very well be convenient to refer certain aspects of a question like that to a small Committee who could go into the practical administrative difficulties and report to us.

Mr. MASSEY: A Committee of this Conference?

The CHAIRMAN: A Committee of this Conference.

Mr. AMERY: That would not preclude, so to speak, the discussion by the whole Conference in Committee of the main question and its details.

The CHAIRMAN: No. Indeed, it would arise out of the discussion in Committee.

Mr. BRUCE: But I would suggest, in the first place, that it be handled by some small body which can make a report. I am quite certain that any discussion which takes place here is going to be much more useful if we have something definite and concrete to work upon than if we take the whole question and range over it. I think it would take a great deal more time to deal with it here than if it were referred to a Committee.

SCOPE OF SUGGESTED COMMITTEE

The CHAIRMAN: Possibly, Mr. Bruce, you would consider exactly what you suggest should be referred to this Committee? You made a series of suggestions this morning. One of them which you put forward was a question of tariffs. That obviously is a much simpler matter than a complex question of control. It is a matter which we, I should think, could discuss in this Conference without referring to a Committee. Then you adumbrated certain alternative methods of control. Those, possibly, could conveniently go to a Committee rather to thrash out administrative details than the broad question of policy as to whether such a control was at all possible.

Mr. BRUCE: Save for this fact, that even if you come to a Preference you have to carefully consider the effect of it, and put a number of facts forward as to what it would actually mean *vis-à-vis* the consumer, who, I have tried to indicate very clearly, is the person who must be very much considered. I should be inclined to think that this Conference would not be in any way pledged to any conclusion this Committee arrived at, it would be a matter for the Conference to consider; but if the whole subject were handled and discussed and a report submitted to this Conference upon the five propositions I have put up, or any more that may be submitted, I think we should be advanced to a position where we could usefully discuss it here, whereas I am rather afraid that if we just took it now and considered it we would not get very far.

COMMITTEE TO REPORT ONLY ON MR. BRUCE'S LAST THREE PROPOSALS

Sir ROBERT SANDERS: Would it not be better to do what you, Mr. President, suggested—to refer the last three of these proposals to a more or less expert Committee for discussion? The two first were tariff proposals, which really raise the broad question of principle more than anything else. I do not think that a discussion by a Committee would add anything very material to our present knowledge of the subject. On the other hand, the three subsequent proposals were subsidies with a home price fixed, import licenses like the present hop control, and stabilization. All those three are principles which want a good deal of explanation and working out, and I believe that if a Committee considered those three questions as an alternative to the tariff proposals it would be more useful than putting all five before the same Committee, which would have first to consider the big question of whether they were going for a tariff or whether they were going for anything else.

Mr. MASSEY: Are you referring to the proposals in connection with British agriculture?

Sir ROBERT SANDERS: They refer both to British and Dominion agriculture.

Mr. AMERY: Might I say that I would much rather like to support Sir Robert Sanders' suggestion, from this point of view—that the three latter subjects do require very careful investigation, not from the point of view of policy, but as to how far they would work practically. On the other hand, the preferential question is so important from the point of view of policy that I fancy that all the principal representatives would want to be present. If so, the Committee would in fact not be smaller than this body. Although the room is very full, I think the actual number of principal representatives at the Conference is not really so very large.

Mr. BURTON: I go further than the First Lord upon this. It seems to me that no Committee of this body could settle the question of Preference. That question is entirely one of policy. You know what you could propose to us, and we know; we have examined, and I take it you and your officials have examined very carefully how far you are able to go in meeting us. We know what we can offer from our side. Those matters must be discussed at this table and we can only settle them here. Detailed points on one or two of these matters, such as the First Lord and Sir Robert Sanders have referred to, may be threshed out by experts. You, Mr. Chairman, have made to us certain definite proposals on behalf of the British Government, which you say they are prepared to stand by. I think we should say now what our view is with regard to those matters, whether we accept them, what we think of them, and so forth, and tell you what we can do from our side. That can only be done at this table, and reference of matters of that sort to a Committee, especially a Committee of experts, cannot possibly carry us any further.

Mr. AMERY: May I add a word again to what Mr. Burton has said? If, on consideration of these other proposals or suggestions, any of us are prepared to go further than when we started the Conference, that, least of all, is a matter which an expert Committee could decide for us. That is only a matter for the principals. I should be inclined to think that Mr. Burton is right.

The CHAIRMAN: Would that meet you Mr. Bruce, because if you take your last three points, if it is put as fairly as it is put by you, they require a good deal of amplification before we can consider them usefully. For example, how your Control Board is to work, how it is to be constituted; is it to be an English Control Board or is it to be an Imperial Control Board? It is necessary to know how it should operate. At what stage will it operate? By what principles would it be actuated? And so on. All that has an effect on such a

question as whether it can work into the ordinary selling agencies of the markets. All these things could be worked out by experts so that we knew what it was we were asked to consider and what were the pros and cons of it. About the other thing, I must say I do feel very strongly that the whole value of this Conference, when you come to the big questions of principle, is that we should face up to them here. If I may say so, your own speech this morning was the very best example and proof of the truth of that.

PROCEDURE AGREED TO BY MR. BRUCE

Mr. BRUCE: I think I can quite agree, that the last three proposals should be considered by a Committee and when the Committee has gone into them and really thrashed them out and considered all the details, it should bring a report back here, and then the whole question of the alternative ways of securing markets can be considered. I am sorry I was not able to be here earlier, but may I ask one question? I gather that you have made quite definite proposals with regard to existing duties and preferences?

The CHAIRMAN: Yes, and with regard to certain new duties which we would have on.

Mr. BRUCE: These proposals are extraordinarily welcome from our point of view, and we are very gratified that the British Government has seen its way to make them. I want to make this point quite clear. When I was speaking I tried to draw a very definite line between the position as it exists to-day, where you have duties and are granting a Preference, and any action that may be taken with regard to them. What I mean is that it will not be sufficient for us merely to deal with the present position in respect of existing duties and preferences, but that there is something further to be considered, and I want to have that aspect of the question made clear. I had no idea of the matter being dealt with by a committee: I thought it could be settled here and settled with reasonable promptitude. Am I right in that?

DISCUSSION ON HIS MAJESTY'S GOVERNMENT'S PREFERENCE PROPOSALS

The CHAIRMAN: Certainly. That meets Mr. Burton's point. Certain proposals I can make now, and we can go into those. We can follow on with the second point you want to raise about Preference in public contracts which the Chancellor is prepared to deal with from our side as soon as we are ready to get on with it. We are generally agreed as to our principle.

Mr. MASSEY: Yes; personally I do not see any objection to what is proposed, referring this to a Committee, on which, of course, Members of the Conference would be well represented. I am not thinking of Members of the Department only.

The CHAIRMAN: Quite.

CANADA'S ATTITUDE

Mr. GRAHAM: Mr. Chairman, as you rightly remarked some time ago, we have never approached the question of Preference in any kind of bargaining spirit. To my mind the proposals you have made must have been decided by your Government as the ones you should make in the interests of all concerned. So far as Canada's representation is concerned they are not to criticise your propositions. They are your propositions made by the British Government on behalf of the British people. We placed our Preference on the Statute Book in 1897, increasing it gradually until in some cases it reaches over 50 per cent.

and I am bound to say that that was not altogether the result of an altruistic motive to help the British Empire; it was to help the Canadian people. We believe that it is your function to do things to help your people, and if it helps the British Empire at large so much the better for the British Empire. I think it would be out of place altogether for me, as a representative of Canada, or my colleague, to attempt for a moment to dictate what the British Empire should do in the way of its tariff. It is dangerous ground; it is your business. We are willing to accept what you give us and, so far as you wish to go, we will not stop you. But to attempt to drive you along faster than you feel it is in the interests of your own people to go, I think would be altogether out of place so far as we are concerned.

PECULIAR ECONOMIC POSITION OF CANADA

Canada is in a peculiar position—perhaps I might refer to that for a moment—in that it differs, I think, from the other dominions. Our Dominion is industrial as well as agricultural. You would be surprised to know that our exports in 1921 of manufactured, and partly manufactured goods exceeded the exports of agricultural products by a large amount; so that we are in a little different position from that in which the other Dominions find themselves, in that their products are largely agricultural.

INTER-DOMINION PREFERENCES

I look to a time when we will have our Preference extended among the Dominions themselves as well as with the Mother Country. We have recently done something that was not popular in Canada, we have raised the duty of a certain product that Australia produces, in the hope of developing trade with Australia and of having a reciprocal arrangement by which we will be able to sell them a greater quantity of goods and we will take certain products from them in preference to products of the same kind from other countries; but each Dominion finds its own difficulties just as you do, and we have to go along slowly and feel our way and extend the Preference as rapidly as we can.

ECONOMIC RELATIONS WITH UNITED STATES

It must be remembered that we lie beside a great nation, as I said the other day, and notwithstanding what sentiment we may have—and we would all prefer the trade with Great Britain—the fact remains, that we are beside this great country and they buy from us and we buy from them, and that fact has to be considered in any steps we may take. Recently, of course, our United States friends raised their tariff, but we are not going with our heads down about it. I admit frankly that the increasing of that tariff has injured us, but the British Government has met us in a measure in raising the embargo on cattle. I hope we will be able to get other difficulties straightened out, and our export trade of cattle to Great Britain is now beginning to thrive again, of course.

OBSTACLES TO IMPORTATION OF BRITISH FABRIC GOODS

I wanted to bring a thing to the attention of the Conference, which perhaps is not germane, but yet it may be. The question is rightly asked, why we do not import a greater amount of fabric goods from Great Britain? Now here is one of the difficulties that one of our leading clothing manufacturers brought to my attention before I came away. They are not, in the present state of the market for the purchase of their raw material, in a position to stock up as

heavily as they would do under normal conditions, for the sole reason that the market may break at any time and leave them in the lurch, as they were after the war, having their shelves filled with high-priced goods, while the market had gone down. As a consequence they are compelled always to buy in small quantities and turn over rapidly. Now, perhaps, your manufacturers will not be averse to me saying it takes about six weeks, so this manufacturer of clothing told me, to get an order filled in London or Liverpool before the goods are returned. They might as well never come to our manufacturer at all as to take six weeks. He has an order and he can in twenty-four hours have his goods on the way from the United States in just the quantity he requires. Consequently it must be purchased in the United States or he will lose his order.

A suggestion has been made which will not help Great Britain out, though it will help the manufacturer out, that it would be wise if some of our friends in the British Isles would establish branches in Canada by which this difficulty could be overcome. This gentleman, who is President of ths Association of Manufacturers of this kind of goods, assured me that that Association would much prefer to buy British goods as they believe the quality is better and they would rather deal with our people if they possibly can. He made an alternative proposition and that was that British manufacturers might well establish warehouses in Canada and carry a stock of the goods that our manufacturers require so that they could secure them at short notice. I do not know whether that would appeal to the manufacturers or not but that is just a detail of trade, and the situation which geography compels rather than which sentiment dictates.

REBATES ON RE-EXPORTED RAW MATERIALS

I was speaking of manufactured goods a moment ago to show the amount of manufactured goods which is produced in Canada which makes us somewhat different from our sister Dominions. In the year 1920, the last complete figures I have, the value of goods manufactured in Canada was over three and a half billions which, for 9 million people, is a somewhat large expenditure. Now for export trade Canada allows on the raw material which enters into the manufacture of these goods a rebate of 99 per cent, so that, as one of the delegates said this morning—I think it was Mr. Bruce—there is an instance of where the purchaser who is not a resident in Canada has an advantage over the Canadian resident because, in fact, the Canadian resident does not get the rebate of 99 per cent on the raw material.

At a recent Session of Parliament, as you well know, an Act was passed which I will not glorify, in reference to the purchasing of goods from countries with a depreciated currency. The Act merely recites that when there is any discussion or question as to the value of these goods for duty they shall be valued as if they had been manufactured in Great Britain, so that, so far as duty is concerned, it gives them no advantage over the British manufacturers as they have to pay the duty equal to the cost of the manufacture of similar goods in Great Britain.

I do not know that I can say anything further as to the Committee. I am not in favour of Royal Commissions except to do things which we do not want to do or cannot very well do ourselves, but in regard to this question of the Tariff I want to repeat what I said before, this is the proposition made by the British Government, this is the best proposition they can make. I am bound to say that it will help some of the other Dominions more than Canada, but it will help the Empire, and it must not be considered that it is really missionary work among the Dominions because the first thing the British Government must look after, as the first thing that the Dominion Governments would look after, is the interest of their own people and, as far as Canada is concerned, we are

glad to accept that proposition without any discussion. If the British Government desire to enlarge it that might help us, but it is their business primarily and not ours. After all, trade is developed on sentiment to a certain extent, and I can assure you that the Canadian people, if they can on equal terms, would prefer to buy British goods rather than American goods. The feeling at the present time is that our friends across the line, and these are really the only neighbours that we have in trade in close proximity, have raised the bars so high that though the action may be aimed at us it will injure them to a certain extent and eventually they will probably reduce these duties. But that is their business again and not ours. In the meantime we should like to develop wider trade in every respect with our relatives within the Empire, in all parts of it, but for practical purposes, as it is your duty to look after the interests of your people, we are compelled at every step to keep in view, as the paramount question, the interests of the people of the Dominion of Canada.

AUSTRALIA WELCOMES HIS MAJESTY'S GOVERNMENT'S PROPOSALS

Mr. BRUCE: I am sorry I was not here when you made your pronouncement, but, as I remarked before, I need hardly say, as far as Australia is concerned, we are very much gratified that the British Government have seen their way to take the action which they have taken. I entirely associate myself with the representative of Canada in that it is certainly none of our business what you do in regard to your own Tariff, and it certainly would be quite improper for me in any way to press you to do anything more than you possibly can in the interests of your own people. I confess some slight regrets in regard to currants, but, as I have said, I will behave in the way that I should.

The CHAIRMAN: Let us be clear about the currants. My proposal in regard to currants was immediately to put the Empire on the free list and then to discuss with you at what date you would be in a position to make use of an increased duty if we put it on. I mean I want to thrash that out. We are quite definitely prepared to raise the duty later on to meet the time of development, if that is of real value to you. Let me make that quite clear to you.

Mr. BRUCE: Under these circumstances, I certainly have nothing more to say with regard to the matter at all, except to again express our very great gratification. I think I can assure you that this will materially revolutionize the whole of the prospects of the settlement scheme that I went into at very great length this morning, and, for our part, we are extremely pleased that the British Government has taken this action. There is one other particular item which is under taxation at present, namely, wine, and I merely ask the question, believe me, in no sense trying to get anything for Australia. Are there any proposals at all with regard to the position of wine?

POSITION WITH REGARD TO AUSTRALIAN WINES

The CHAIRMAN: The position with regard to wine is this. The Preference at the present moment is a very substantial one. When we were considering the wine question we thought that the Preference was already so large there that we should be sacrificing revenue, unnecessarily probably, without giving you substantial benefit by dealing with it. Believe me, in this Conference whether one side or another throws a thing out we accept at once that the ultimate decision with regard to tariffs must rest with the country concerned, but it is no good our discussing at all unless we are to consider what will be of benefit to us and what will be of benefit to you.

Mr. BRUCE: That spirit is the very one that we wish to come here in, and our only fear was that we might be in some way misunderstood, but as you

have taken that attitude there is certainly nothing to prevent our saying anything we have to say. The only point really that has given us considerable anxiety in Australia with regard to wine—while we appreciate that the Preference we have at the moment is a very valuable one and a very large one—is that depreciated currencies are rather embarrassing our position. That was the only side of the question that we wanted to raise—whether anything can be done to help the competition we are faced with from countries with depreciated currencies. You naturally want time to give it consideration, and I shall say no more about it, except to raise the point and to give you the information that it does cause us very considerable difficulty.

The CHAIRMAN: We had framed these proposals with a view to helping Empire trade, particularly with a view to helping those settlement schemes which you have referred to, and we wanted to know whether they would do that and to have any criticism upon them, and of course to get the list as complete as possible. Possibly after you have had a chance of seeing the specific proposals on the transcript you may return to the charge.

Mr. BRUCE: If there is anything I wish to say after reading the transcript no doubt the Conference will let me do so to-morrow.

Mr. GRAHAM: After we have looked at the effect which the different proposals will have on our different countries we shall be free to discuss them to-morrow.

The CHAIRMAN: Certainly.

NEW ZEALAND'S ATTITUDE

Mr. MASSEY: Just a word, Mr. Chairman, about the depreciated currency. The position that we take up, the position of the Government to which I belong, and of the New Zealand Parliament, with regard to depreciated currency is just this; we cannot allow manufactured goods or products coming from a country with a depreciated currency to come into unfair competition, because that is exactly what it would mean, with manufacturers or producers in our own country. We take steps to prevent that sort of thing. However, I am not going to follow that. Referring to the proposals of the British Government with regard to Preference on dried fruits and different varieties of preserves, I would just like to say that I am very strongly of opinion that these proposals will be welcomed by fruit growers and preservers of fruit in almost every part of the Empire. I am not speaking from a selfish point of view, because, up to now, I do not think it will benefit my country very much.

POSITION OF NEW ZEALAND FRUIT-GROWING INDUSTRY

We have been trying to establish a fruit-growing industry in New Zealand, and with a certain amount of success; but there is still a very great deal to be done. The difficulty is the distance from the market. We have been sending over fruit to London, and where it had been landed without damage we have been encouraged to send more; but somehow or other we are in the habit of getting a lot of it damaged, either by freezing, or in some other way, and the fruit growers are correspondingly discouraged. I am not a fruit grower personally, but I have given a good deal of attention to the question of fruit growing in my country, and have given every possible encouragement to the fruit growers. We have given them a low guarantee with regard to price; that is to say, when they export fruit we guarantee that they will get a certain minimum price for it; if they do not get that price we pay the difference. We have had to pay up to £10,000 or £12,000 already. However, we may get over that

and probably will. But with regard to duties, we have, as they have in Australia, some country particularly suitable for fruit growing. It is a dry climate, the driest climate in New Zealand by a very long way, with a very light rainfall, but it is very good country and grows fruit magnificently. We have taken it in hand recently and it is going on; we have already 150 miles of water-races. We are irrigating probably half a million acres, but in a few years I hope and believe we shall have quite a community of fruit growers there. I am very optimistic about it and when that time comes, and I hope it will come, what is being done now by the British Government will be of some advantage to them.

A point that I want to raise here is that there was no reference made to duty on condensed and sweetened milk. There is a pretty large export of condensed milk from some of the over-sea countries, my own among them, and if it were possible to give them a Preference it would be just as welcome as what is proposed with regard to the fruit growers themselves.

APPEAL ON BEHALF OF NEW ZEALAND MEAT TRADE

Reference was made this morning by the Prime Minister of Australia to the difficulties of Australia with regard to the export of meat. I am not going to raise the whole question. We are concerned as much as Australia, perhaps more, with the exception of beef. I think Australia is far more concerned with the export of beef than we are; but it may surprise the members of the Conference when I tell them that we send more mutton and lamb into Britain than all the other countries in the world put together. It is one of our principal exports as a matter of fact. Now this is a point to which I want to call attention. The difficulty that we have—and it applies to Australia just as well as to New Zealand—is in competing with the South American States. Take New Zealand again. There are other meat-producing countries in South America besides the Argentine, because the war gave a tremendous impetus to the production of meat in South America—all outside the Empire. The distance to the Argentine is just as nearly as possible half the distance to New Zealand. They have the advantage of freights. As a matter of fact, they do not need to freeze all their meat; quite a lot is sent here in what is called "chilled" form, sufficiently cold to preserve it. That is an advantage in itself. There are the freights that I have mentioned, and the labour. The labour is ever so much cheaper; I do not think they pay half or anything like half the wages that the producer in New Zealand pays for the labour he requires. They have all these advantages. I am not pressing for an answer on this, I simply ask the President of the Board of Trade to take this into account, and see if something cannot be done to place the people within the Empire in a slightly better positon than the people outside the Empire. I think we are entitled to consideration, and it all comes back to what we have been able to do in the way of Preference.

EXTENT OF PREFERENCE ACCORDED BY NEW ZEALAND

Each country of the Empire gives Preference to Britain—every country. Unfortunately, the figures at my disposal at present are of very little value, because we had a revision of the tariff at the end of 1921 and it has upset all the figures for 1922, because every time that people in the trade know where the duty is going to be increased—it is marvellous how it gets out—we find there is a rush on the bonded stores and that sort of thing, and there is not much left for about six months after the revision takes place. But I can say this, that approximately we purchase £20,000,000 worth of goods from Britain every year—and it is increasing. I shall be able to get later figures than those

I have got; I shall be able to get them for the financial year instead of the calendar year; I cannot get them for the calendar year to be of much value, but we give a very substantial Preference; all the countries do—I do not say that New Zealand stands by itself in that respect—a very substantial Preference to British manufacturers and to Britain generally; and so far as contracts are concerned, we make a point of seeing that when a local body imports machinery or imports iron-work or anything that is dutiable to New Zealand, we take precious good care that the Preference is extended by them. So far as the general Government is concerned, I would not like to say that we never by any chance buy anything outside the Empire which could be produced in it, or buy anything anywhere else that could be produced by Britain itself, but we go as near it as we possibly can. In some cases, 99 per cent of the varieties of goods that we require are purchased in Britain. I think I can find some figures to quote very briefly, which are particularly interesting on this point. The principle of Preference was first placed before the New Zealand Parliament in 1903. It was made to apply to 38 items. In 1907 it came up again and it was made to apply to 199 items. In 1917 it came up again and was made to apply to 218 items; and in 1921 it was made to apply to 425 items. That is a pretty good record, and I know the sentiment of my fellow citizens in New Zealand, and I say we are prepared to go further even than we have gone up to the present in connection with Preference to Britain. We are prepared to go further than we have done yet. With regard to the questions that I have asked, I am not pressing for details. I only say that I hope that the propositions with regard to Preference on dried fruits and so on will not end the matter, that we shall have another opportunity of considering this question, and I hope that other items will be brought under the scope of Preference, which have not yet been referred to at this Conference.

PREFERENCE AN ESTABLISHED POLICY IN SOUTH AFRICA

Mr. Burton: Mr. Chairman, the question of British Preference was hotly debated in South Africa and settled twenty years ago. Since then it has been practically an established fact with us and I do not suppose that anyone who is a serious politician in our country really expects to see it removed from our existing system. Perhaps I may just add as a matter of interest, which may not be known to all of us here, that so far back as the first Imperial Conference, which took place in 1887, the principle of reciprocity in Inter-Imperial Preference was advocated by the South African representative, who was also a distinguished South African Dutchman, who, at Ottawa, proposed amongst other things that there should be a 2½ per cent tax imposed upon all foreign goods brought into any British port within the Empire, for the purposes of common defence. Well, we have advanced since those days, but so far as the granting of a Preference by South Africa to British manufacturers and British products is concerned that is a settled question with us.

It seems to me from the discussion we have had here to-day, that the point really is how far you are going in order to meet the advances which have been made so far by the Dominions in this respect. May I say before I conclude this part of the very brief statement I am going to make, that we have given you so far for the last twenty years what is roughly a Preference of one-fifth; it is 3 per cent, broadly speaking, on 15 per cent, with a general *ad valorem* rate. The exact amount of benefit which that gives to the British producer or manufacturer is very difficult to determine. This morning Mr. Bruce gave us some calculations of the money value of the Preferences given by Australia. Well, I cannot but think that calculations of that sort are apt to be very illusory, because in respect of many of the articles which are included in our general *ad*

ad valorem rate, the actual benefit to the British producer is very little for the simple reason that whether Preference were there or were not, he would probably have the business in any case.

SOUTH AFRICAN DESIRE TO EXTEND PREFERENCES SUBJECT TO LOCAL NEEDS

Now as far as we are concerned we are anxious, within the limits which our local conditions impose upon us and our South African necessities—because although we are deeply interested in this matter of the co-operation of the people of the Empire, and we quite understand and value the necessity of such co-operation, our first duty quite naturally is to the people within our own borders, as no doubt you feel yourselves at this very Conference that we are attending now—within the limits therefore of our local situation and our local necessities we are desirous of doing what we can to improve what we have done, to make an advance upon what we have done, in respect of this Preference, and to adjust our duties in such a way as to give your British manufacturers and producers a more substantial benefit. It may be quite possible—in fact, we are advised that it is so—by adjustment of our rate, by, for instance, changing the system of a general ad valorem rate to a rated duty on selected articles, so to arrange matters as to give really to those British industries which are in need of assistance, particularly at this juncture, much more substantial aid than we do at present. To-day I cannot go into the details of the matter because we want to obtain the suggestions and advice of your people as to what the articles are which are deserving on their merits, but we propose—and that is our suggestion from South Africa—we propose to go into this matter with yourselves and with your advisers and to ascertain what the articles are which, in your opinion, would be the most benefited by additional assistance from South Africa with our limited market there, and then to take steps to carry out the adjustments that I have referred to.

SOUTH AFRICA APPRECIATES GREAT BRITAIN'S PROPOSALS

You have stated that the British Government is prepared to do certain things. Well, Mr. Chairman, I think that we cannot do otherwise than express our appreciation of this announcement. There is no doubt that the action you propose taking in respect of some of these things must materially assist our producers in South Africa. The proposals with regard to dried fruits and to preserved fruits and other matters of that sort unquestionably must be of very great assistance to us. You mentioned—I was not sure whether you mentioned under dried fruit—peaches. You said something about peaches being excluded.

The CHAIRMAN: No, I had to take it like that because some of the articles are now subject to duty, when dried, and some are free. What I propose to do is to take a complete list of dried fruits that are of interest to the Dominions, put them all on a 10s. 6*d*. basis and let all the Dominions' stuff in free.

Mr. BURTON: I am very glad to hear that. Of course, dried peaches are of vital importance to South Africa.

The CHAIRMAN: The peach is not subject to duty at present. I propose to make it subject to a 10s. 6d. Duty and bring yours in free.

Mr. BURTON: Amongst the details I assume raisins will include a branch of raisins being made in South Africa, which will become a general industry, growing continually in extent owing to the over-production of wine in that country. We find our people are producing more wine than we can dispose of, and it would be better to divert their energies to some extent from the growing of grapes to such things as sultanas. I assume sultanas would come in under the raisins?

The CHAIRMAN: They are subject to 10*s.* 6*d.* to-day and you get 1*s* 9*d.* as a Preference and we propose to give you 100 per cent.

Mr. BURTON: Then the same observations apply to what you have said about Sugar and with regard to Tobacco. There we appreciate what you have proposed, and I would like to ask you to allow us, with the Advisers we have with us here, to consider the alternative you have proposed.

The CHAIRMAN: Certainly.

Mr. BURTON: At present I have a clear idea myself as to which alternative I prefer, but possibly the apparent advantage may not turn out to be a real one in the end, and I would like to discuss that before I intimate to you which of the two we would rather have.

POSITION OF SOUTH AFRICAN WINE EXPORT TRADE

Now, as to wine, the position is really this. I quite understand what you say about the Duty. The real trouble about South African wine in this connection is the matter of alcoholic content. You get wines sent from Spain, for instance, to England, and the shortness of the voyage enables them to send it so slightly fortified that it keeps quite easily for transmission to England, and by that means comes in under your smaller duty. To send wine from South Africa to England involves a long sea voyage, and involves necessarily additional fortification in order to keep the wine. That means that when our wines arrive here their alcoholic content is found to be greater and they have to pay the higher duty. That is a thing perhaps you will allow us to discuss with your people to see whether it is possible to make any arrangement in that respect. It is not a question with us of the duty, but the way the duty operates owing to the alcoholic content of the wine.

PREFERENTIAL TARIFFS ON FOODSTUFFS A MATTER FOR GREAT BRITAIN TO DECIDE

I do not know whether we are going to discuss some of these larger matters which were raised this morning in Mr. Bruce's speech.* In fact, I think he did foreshadow the possibility of your taking some specific action in respect of other matters, foodstuffs, like grain, meat and things of that sort. Well, our feeling about those matters is this: As Mr. Graham has said, we cannot help feeling that these are matters really which mainly, in the action that you have to take, are your business. It concerns you and your people very vitally, we can understand that, but, of course, if you find yourselves able to do anything at all in that direction, we can only say that we should very much appreciate it. I would just mention one thing which is not really an article, as I understand, of human consumption in England, and that is the maize which we send you. That is one of our principal exports amongst the products of the soil, and it is becoming very large. We anticipate having this season, so I am told, an exportable surplus of about between 5,000,000 and 6,000,000 bags, which means something like 500,000 tons of a value of £2,500,000. The Argentine export to you is considerably larger, about three times that now, but we have been catching up to them very rapidly and there really is what you may call an unlimited field for the production of Maize in South Africa, in the Up-lands of the Transvaal, in the Free State, Natal and other parts. It is going to be a very great maize-growing country if it can succeed in finding a suitable market. However, I mention this to you just to let you know of one of our great agricultural products there which is a matter of vital importance to South Africa, and to say without going further now, that if it is found possible by the British Govern-

* See opening speeches, page 57.

ment to take any action in respect of an article like that, of course it would be a very great assistance, but at the same time I qualify that by what I have already said, and what I think General Smuts said, that we feel it is not desirable or necessary that we should endeavour to make any revolutionary changes nor to press you in respect of matters upon which you may find it impossible to take action. That is all I have to say at this stage. I suppose in respect of some of these details we can get the matters enquired into by our Committees.

The CHAIRMAN: Please.

ATTITUDE OF IRISH FREE STATE

Mr. FITZGERALD: Ireland produces very few of the commodities referred to in your announcement of the British Government's new Preferential proposals. Therefore, we shall await with interest any subsequent announcement you may make in regard to an extension of the list, which, we trust, will include items that should benefit Irish producers.

PRINCIPLE OF PREFERENCE NEVER YET ACCEPTED BY INDIA

Mr. INNES: In the discussion of this question, India occupies a special position. For most of the countries represented round this table, as you said just now, Sir, the principle of Preference has been established, and the discussion has turned, so far, not upon the merits of the principle, but mainly on questions whether the application of the principle can be extended. Now the difference of India's position is that, so far, we have never yet accepted the principle of Preference, and no doubt this Conference will wish to know whether India has altered or proposes to alter in any way the position we have hitherto taken up. It is a question which, of course, has often been discussed in India, and some members of the Conference may be familiar with the well-known despatch, written by the Government of India on the subject in 1903. The conclusion arrived at in that despatch was, that from the economic standpoint, while India had something, but not very much, to offer the Empire, she stood herself to gain very little by Preference, and stood to lose or risk much. I do not think it is necessary for me to go into past history of the question in India. What we are concerned with is the present, and I wish to try to place before the Conference what are the main governing factors of the problem as it applies to India now. Those factors are partly economic and partly political, for in India, as I think in all countries, political considerations enter very largely into the decision of economic questions.

ECONOMIC POSITION OF INDIA

On the economic side, the position in some respects is very much the same as when the despatch of 1903 was written, that is to say, we still receive a preponderating share of our imports from the British Empire, and we still rely mainly on foreign countries for our export markets, and this, as I said last week, is a factor which we in India have always to keep very much in mind. Again, broadly speaking, we export raw materials and foodstuffs, and it is true, at any rate as a general proposition, that raw materials and foodstuffs stand less in need of preferential assistance than do manufactured goods. Most of our raw materials and foodstuffs, with some exception, enter free into most countries.

RECENT INCREASE IN IMPORT DUTIES

In other respects, however, the position has undergone considerable change. I propose only to mention one of these changes. It is a point to which I drew

prominent attention when I made a statement last week at the opening of this Conference. Our financial interests in India have compelled us in recent years very greatly to increase our import duties. They now constitute a very large part of the revenues of the Government of India. Having regard to the circumstances of India the pitch of them is high. The general *ad valorem* rate is 15 per cent, and leaving out of consideration altogether the duty on wine, spirits, cigarettes and cigars, the rate in the case of some articles is as high as 30 per cent. This fact complicates the problem.

DIFFICULTIES IN THE WAY OF ADOPTING IMPERIAL PREFERENCE—ECONOMIC AND POLITICAL

If we embarked on a general policy of Imperial Preference we should have to carry it into effect in one of two ways, either we should have to reduce our import duties in favour of goods from British countries, or we should have to raise our import duties against goods from foreign countries. We cannot adopt the former course, because we simply cannot afford to sacrifice the revenue. I have already explained to what extremities we have been driven in order to balance our Budget for this year. Nor can we adopt the latter course. I have just said that, considering the circumstances of India, the general level of our duties is high, and if we raise them still higher, that is to say, if we raise our duties on goods coming from foreign countries, we should in some cases stand a considerable risk of setting in motion the law of diminishing returns. Also, we have to consider the Indian consumer. Each concrete proposal would have to be carefully examined from the point of view of his interests, and with special reference to the risk of raising prices against him. This is most important when you are speaking of a country where the people are so poor as they are in India. It is perfectly true that wages, even real wages, have risen very greatly in recent years, but even so they are extremely low in comparison with the level of wages in Western countries and in the great Dominions. I do not wish to embark upon what is rather a dangerous topic. It is always dangerous to commit oneself to statements as to the average level of wages or average incomes, but I can just illustrate my point by giving an example which I have drawn from my own experience. When I first went out to India, twenty-five years ago, a very common rate of wage for an unskilled labourer was four annas, that is, 4d., a day. Now, in some of the bigger towns at any rate, a typical wage for that same unskilled labourer would be about a rupee, that is, 1s. 4d., a day. I just mention that to illustrate how poor the Indian, the vast majority of Indians, are, and how careful we have to be of doing anything that may raise prices against them. In all our tariff matters that is the point we have to keep in mind, namely, the poverty of the Indian. So far I have only dealt with economic considerations, and it may be thought that this is a question which ought not to be looked at solely from the economic point of view, and that I ought to have given more weight to considerations of what I might call Empire sentiment. These economic considerations, which I have just referred to, point to the conclusion that from the economic point of view would be very difficult for us in the present circumstances in India to embark upon a preferential tariff, that is to say, to set up an all-round two-decker tariff. Turning to the other point of view, I should like to say at once that the Government of India realize to the full the desirability of adopting any step which would tend to cement the ties of Empire and promote Imperial interests, but on this side we have to consider, not only the constitutional position of the Government of India, but also the stage of self-government which India has attained. When in 1897 Canada, of her own free will, reduced her import duties in respect of British goods, she had long claimed and won the right to order her own fiscal affairs in

her own way. She had had autonomy for nearly fifty years, and her act of 1897 was the spontaneous act of a self-governing community. The same may be said of New Zealand, Australia and South Africa when they followed suit. Now in 1903 the Government of India, when it was in the position of a trustee for three hundred millions of people, obviously could not take upon itself the responsibility of acting in that way. It had to examine the question of Imperial Preference most closely from the point of view of the economic interests of the people of India. Even now, India has only made an advance along the road to self-government. She is in a transition stage, always, as the Prime Minister has said, a difficult and delicate stage, and it is still necessary for us to look at the question mainly from the economic side. Moreover, no fiscal policy can be stable unless it is based securely upon public opinion, and I should be failing in that frankness upon which you, Sir, have laid such stress, if I disguised the fact that Indian public opinion is much exercised at present on the question of the position of Indians in certain Colonies and Dominions. Please do not think that I wish to open up in any way that subject in this Conference. It would be entirely out of place for me to do so, and I have no intention of doing so, but I merely wish to state the fact that that subject is one which lies very near the heart of India, and it is bound to colour public opinion in India in regard to such questions as Imperial Preference.

INDIA GRATEFUL FOR PAST AND PRESENT CONCESSIONS

Now so far I have dealt with Imperial Preference solely as a general policy, and I have pointed out that in present circumstances it would be difficult for India to embark upon any policy of Imperial Preference. I recognize, of course, that I have covered only a part of the ground and that I may reasonably be asked whether, even granting that a general preferential tariff is at present out of the question, some measure of Preference could not be given at any rate in respect of certain selected items in our Tariff Schedule, especially as valuable tariff concessions have been made to India not only by His Majestys Government, but also by New Zealand and Canada. I should like to say that with regard to the Government of India we are very grateful indeed both to His Majesty's Government for this concession and for the extended concessions announced to-day, and also to the Dominions I have mentioned. The concessions in respect of tea, coffee and tobacco are particularly valuable, and when the time comes to consider the question I am perfectly sure that India will not be unmindful of the additional benefits which have been announced to-day.

POSSIBILITIES OF RECIPROCATION BY INDIA

The course I have just mentioned would not be open, at any rate to the same degree, to the economic objections which I have just taken to a general preferential tariff. I may say that it is perhaps a possible line of advance, but at present I cannot say any more than that. The political tension to which I have referred makes it undesirable to force the issue, and I am sure that the Conference will not expect the Government of India, placed as we are placed, as a Government, to give any undertaking or promise which would purport to bind the Indian legislature in advance. Therefore, the conclusion follows that I am not at present able to commit the Government of India to the principle of Preference. I have already said that without Preference British goods enjoy the largest share of India's market and that India is Britain's best customer. I must leave the matter at that. The Government of India must continue to reserve freedom of action in this matter.

COLONIES WELCOME ANNOUNCEMENT WITH REGARD TO SUGAR DUTY

Mr. ORMSBY-GORE: In view of the announcement of the Chairman this afternoon on behalf of the British Government, I think it will ill become the representatives of the Colonies and Protectorates not to lay stress on the gratitude that will be felt, particularly in Mauritius and in the West Indies, at the announcement made this afternoon about the sugar duty. When in company with my predecessor in office I was in British Guiana and the West Indies early last year we had the position of the American Dependencies—the American Sugar Colonies *vis-à-vis* the British sugar Islands—brought home pretty clearly to us. America gives to Porto Rico a Preference not of £3 15s. per ton, but of £10 per ton and gives a considerable Preference to Cuba as against British sugar-growing Islands; and by that means America has more and more, ever since the collapse of the beet sugar industry in Europe, controlled the production and price of sugar—I may say throughout the world. If we were to ensure a British sugar industry in the historic sugar-growing islands of the Empire, it was quite clear that it was not so much the amount of the Preference as the certainty of the Preference that was required to attract capital, labour and industry to British sugar production. After all, the production of sugar from cane requires a very large expenditure of capital. Modern machinery has enormously improved and cheapened the cost of production, but it is expensive. I have in the last two or three weeks had approaches from persons with capital in this country considering whether they would or would not establish further sugar factories and extend the sugar industry, particularly in the Island of Jamaica, and I believe this announcement this afternoon will make the whole difference, and you will get the orders for the machinery here in Great Britain, and you will get an increasing sugar supply. My adviser from Mauritius tells me that, owing to the expansion of the sugar industry, Mauritius is producing very largely, but it wants the certainty, if it is to manure and if it is to keep the sugar lands in cultivation. I must say I am quite sure that the announcement made this afternoon will be of immense benefit in the long run to the British consumer as well as to the sugar Colonies and Protectorates.

One word about tobacco. I am quite sure that Rhodesia and Nyasaland are quite prepared to follow whatever line the Union of South Africa think wise in this respect. I hope that not only Great Britain, but also the self-governing Dominions, will consider the possibility of extending preferential treatment to the products of the Colonies and Protectorates.

I shall have a resolution to bring forward on behalf of the Colonies about Preference in public contracts. Some have given to the Dominions specific reciprocal arrangements, notably in the West Indies, between goods of the West Indies and Canada. I believe that could be extended in other parts of the Empire, with advantage both to the Dominions and to the Colonies and Protectorates concerned. I hope that the possibility of developing our Colonial Empire as well as the self-governing Dominions by the wise, common-sense and skilful application of the principle of preference will not be lost sight of.

BRITISH PROPOSALS NOT THE LAST WORD

Mr. NEVILLE CHAMBERLAIN: Mr. Chairman, after the very valuable speeches that we have had this afternoon I do not know whether it is really necessary to say anything more to elaborate the position of the British Government in this matter; but perhaps I might just be allowed to emphasize what you said about the nature of the proposals that are being put before the Conference this afternoon. You will have observed that those proposals do not concern matters which are what you might call of vital and direct interest to

our people in these Islands, and they have not been put forward in the spirit of the Blessed Glendoveer—" 'tis ours to speak, 'tis yours to hear," because if that had been our attitude, we might just as well have sent you a letter saying: These are our proposals. But we have come here as I understand it to take counsel together and to give one another information as to the manner in which inter-Imperial trade can be helped by adjustment of arrangements between us; and therefore, we have avowedly framed our proposals as our contribution to the task of increasing inter-Imperial trade, and if these proposals in any way fail to carry out the object which we have in view, then we want to know it; and we want you, who have the knowledge of the conditions in your respective countries, to tell us whether what we have proposed is going to help you: whether our proposals can in any way be improved and, if so, in what direction. That does not bind us to accept any suggestions that you make to us, any more than you are bound to accept any suggestion we may put to you as to what we might desire by way of increasing our trade with you; but it does give us the opportunity at any rate of realizing what the position is, and then it will be for us to say whether, consistently with the interests of our own people here, we can carry out what you have suggested to us.

SUGGESTIONS INVITED

I hope, therefore, that the Members of the Conference will consider our proposals in detail from that point of view, and that, when we discuss them again, they will tell us whether they consider them adequate, complete, or whether they think they are capable of improvement and in what direction.

As a result of the foregoing discussion the question of Tariff Preference was adjourned to enable further consideration to be given to the matter by the various Ministers and their expert advisers. A Committee (the Food and Materials Committee) was appointed meanwhile, in pursuance of the decision arrived at in the above discussion, to consider the practicability of certain methods, suggested for examination by Mr. Bruce, for assisting the marketing of food-stuffs and agricultural raw materials originating in the British Empire. The Committee reported on the 25th October and their report is printed on page 244.

The discussion was resumed at the Twentieth Meeting of the Conference, held on the 7th November, as follows:—

The CHAIRMAN: The first two items on the agenda to-day are Tariff Preference and the Report of the Food and Materials Committee. I think it would probably be convenient, as the two are so closely interlinked, if we took items 1 and 2 together. If it were agreeable to you I would summarize the Report of the Food and Materials Committee, which went very fully into the questions referred to it, and also make a statement on certain other items of Tariff Preference, which have been a matter of discussion informally outside the Conference.

Mr. MASSEY: Where you propose to apply Preference?

The CHAIRMAN: Where we propose to apply Preference.

FOOD AND MATERIALS COMMITTEE REPORT

I think it would probably be convenient if I took the Food and Materials Committee first, because the object of that Committee was to consider certain possible alternative suggestions which were put forward in the speech of the Prime Minister of Australia. We had a Committee, representing all the Delegations at the Conference, which went very fully into the three questions raised.

and the Report of that Committee is unanimous. The three methods that we were asked to consider were the Method of Subsidies, the Method of Import Licenses, and the Method of the Stabilization of Prices.

THE METHOD OF SUBSIDIES FOUND TO BE IMPRACTICABLE

The Committee considered the question of Subsidies first, and in considering that we were considering the question of the possibility of a grant by the Home Government of direct subsidies to Dominion producers. The Committee found that to be impracticable for several reasons. In the first place, the grant of a subsidy of that kind involved the right—indeed, the necessity of retaining the right—of the Government granting the subsidy to exercise a large measure of supervision and direction over the recipients of the subsidy, and they were unanimous in thinking that it would obviously be impracticable for one Government to do that within the jurisdiction of another.

There was also the question of whether it was practicable, if a subsidy was to be considered at all, to make that subsidy vary with the preferential rebates accorded to United Kingdom products. That appeared to the Committee to be impracticable because you could not get accurate measure of the money value; because any subsidy would have to be constant, and therefore you could not make your subsidy depend upon a variable factor, and, because even if the proposal were attempted while the direct financial benefit of the preference would be going to an individual trader, the money to pay the subsidy would be coming from the taxpayers generally. It was also clear that a differential subsidy of the kind suggested might operate very unfairly as between one Dominion and another. You might have two Dominions giving exactly the same rate of tariff preference, but by reason of there being a keener competition in one market than in another, the actual benefit obtained by the same rate of preference would vary in the different Dominions, although the rate of preference accorded was the same. Finally, it was clear to the Committee that a system of direct subsidies of this kind would have no limit once it was accepted in principle, and would impose financial burdens which would be too great to contemplate.

METHOD OF IMPORT LICENSES AND STABILIZATION OF PRICES: SOME DIFFICULTIES

Then we considered the two other suggestions, the question of Import Licenses and the question of a Purchase Board to effect the Stabilization of Prices. The Committee went very carefully into that, and they came to the conclusion that they had really to take these two things together, because a system of Prohibition and License would involve the establishment of a State Purchase Board and Price Control. They considered Prohibition and License, and they felt bound to report against it for the following reasons. At the Genoa Conference very careful consideration had been given to the question of Prohibition and License, and there was a unanimous resolution of that Conference, which was supported by the whole of the British Empire Delegation, that the system of Prohibition and License ought to be avoided if any other system was applicable.

OPERATION OF SYSTEM WOULD PRODUCE UNCERTAINTY OF TRADE

The reasons which led us to endorse that resolution at Genoa were the reasons which weighed very strongly with the Committee on this particular reference. One of the reasons was the tremendous uncertainty in trade. If you have a tariff, everybody knows what the tariff is; if you have a Prohibition and Licenses, nobody knows, and the result would be that you would have great difficulties in getting your supplies, and great difficulties in obtaining shipment.

Certainly, it would be impossible to rely on getting the delivery of supplies promptly on the issue of a license, and the very people whose production you were trying to restrict by a system of Prohibition and License would be, naturally, the first to take advantage of any artificial shortage that might occur if they could profit by holding up their deliveries. Therefore we felt that it was impossible to count on obtaining, at the moment they were needed, either the precise amount of the supplies or the means of shipment.

A LICENSING SYSTEM WOULD NECESSITATE A SINGLE IMPORTING AGENCY

Then again, all our experience—and we have not only the experience of the United Kingdom but the experience of other Dominions who tried to run licensing systems—went to show that it was difficult, and indeed impossible, with the best will in the world, to administer a system of licensing fairly between a number of different applicants; unless you had one single importer, you would always be charged with having discriminated between one importer and another. So great is that difficulty that it was felt that if you adopted a system of this kind you would be forced ultimately to form a single importing agency, which, indeed, was the proposal or suggestion of the Purchase Board.

OTHER OBJECTIONS TO A LICENSING SYSTEM

There was another point. The effect of a licensing system, like the effect of an import duty if it were so high as to exclude all goods that would not come except under the license, would be to give an enhanced value to the goods which were admitted into the country, but the added value, in the case of the duty, would be paid into the Exchequer, whereas the added value, in the case of the license, would merely go into the pocket of the person who obtained the license.

Finally, it was felt that if a system of licensing were adopted it would throw on the licensing authority a duty which was far too invidious to be borne. The license would have to be granted in two cases—either if the Empire supplies were inadequate, or if the prices were being raised unduly. We felt, first of all, that it was difficult, and indeed impossible, to assess accurately the supplies which would come forward. We also were faced with the kind of difficulty as to whether you were to exclude chilled meat if frozen meat were available.

But we had an even greater difficulty, perhaps, than either of those. That difficulty was the impossible position in which the licensing authority would be placed, whether in granting or refusing licenses. If it granted licenses, all the producers, whether here or in the Dominions, would say, "Why have you granted these licenses?" If, on the other hand, the licensing authority refrained from granting licenses, you would have the consumers saying, "Prices have risen. Why are you not granting licenses?" That would create a situation which would give a maximum of friction; you would have none of the certainty of a tariff, and it really might prejudice the whole scheme of Imperial development.

Again, there was the impossibility of fixing what would be the price factor which would govern the grant of licenses. If the quantity you admit were sufficient to make the world price effective, then no benefit would come to the Empire producers; if, on the other hand, the Empire price was to govern the price of the relatively small proportion of foreign supplies, no competition is introduced, and, therefore, you would be in an impossible situation in trying to settle any rule by which you should license on the ground of prices. For all those reasons, we came to the conclusion that it was quite impossible to recommend a system of Import Licenses.

STATE PURCHASE AND PRICE CONTROL

Then we went on to State Purchase. Well, State Purchase obviously means import licenses with all the difficulties they involve, plus a State Purchase Board and Price Control. Under any licensing system you would have to have that State Purchase, because the State could not risk finding itself short of supplies. Moreover, if you once began to control imports by licensing, you would have an irresistible demand for Price Control, and a very cumbrous and expensive machinery set up. Therefore, we felt that the purchase scheme was tantamount to prohibition, coupled with an equivalent to export licenses, and, therefore, it was open to many of the objections which applied in the case of licensing and to certain others. The experience in different parts of the Empire of control, made it clear that it was impossible, in a system of control, to let quality govern price. You have to have rules and regulations, and while you might charge different fixed prices for different cuts of meat and so on, yet you would have to fix limits which did not let the ordinary question of quality as between this or that thing to be sold govern the price.

We also had found, all of us I think who have tried control of prices, that it was very costly; that when you came to fix your prices you always had to fix them, not by the most efficient producer, but very nearly by the least efficient producer, and some of the margins which exist to-day between what the producer gets and what the consumer pays are the remnants of a system of control where margins were fixed higher than competition would have fixed them, because you had to take into account the least efficient producers or the least efficient sellers.

We also felt it was not feasible to confine Price Control to any one stage. Once applied it would become necessary to extend to all stages, and you might very well arrive at a position in which the State was driven into the necessity of taking over every phase of the business of marketing.

ADOPTION OF REPORT MOVED

Therefore, we felt bound, all of us, to report to the Conference, after very careful consideration, that these methods were impracticable. But although this is not strictly within our terms of preference, we certainly felt, and we felt we ought to say to the Conference, that the matter did not end there and that there were many things short of these impracticable systems where we could usefully get together. I would like to read to the Conference what we felt it was not inappropriate to add to the Report:—

> "While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interest of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer.
>
> "The Committee, therefore, strongly recommend the closest co-operation, alike between Dominion Governments and the Home Government, and between Dominion producers' organizations and Home organizations, in concerting and carrying out any action which is possible for improving the marketing of Empire agricultural produce, including the provision of further statistical information."

It will be observed that it is relevant to the decision taken by the Conference yesterday to establish an Economic Committee. It seems to be exactly the kind of question which that Committee might very well take up.

Well now, Gentlemen, that is the Report which we have made on the three points referred to us, and as we were all unanimous upon it I would move its adoption. There may be some points that members of the Conference would like to raise on it. I think, therefore, we had better take the adoption formally at the end.

INCREASE IN TOBACCO PREFERENCE FROM ONE-SIXTH TO ONE-QUARTER

May I now proceed to certain points under Tariff Preference? We invited discussion on the proposals we had already tabled with regard to increased preferences and we have also gone into the question of further extensions of the same kind with all Delegations. I will therefore state briefly what, as the result of these discussions, we should be prepared to recommend as early as possible to our Parliament to do. The Conference will remember that I made, on behalf of the Home Government, an alternative proposal with regard to tobacco, either to stabilize the preference or, alternatively, to increase it from one-sixth to one-quarter, and that was to be considered by the tobacco-producing parts of the Empire. I have now received the considered opinion of the Dominions and Colonies, and it is unanimous in favour of increasing the rate of preference from one-sixth to one-quarter, and therefore we propose to invite Parliament to do that.

THE TEST TO BE APPLIED IN THE GRANT OF PREFERENCES

We have considered certain additional items. I think it would be generally agreed that, as in the items which we have already had under discussion, the important factor to consider is: Is this a matter of real interest to the Dominions, and, if an additional preference is accorded, or a new duty is put on and Dominion produce is to come in free, is there reasonable probability that the Dominions will be able to supply a large bulk of the commodity in question? And we have applied that test to some suggestions that have been made.

RAW APPLES

Now the first of these is apples, raw apples. We have already agreed that there should be a duty upon the dried fruit and upon the canned fruit and that Empire produce should come in free. Now with regard to apples a case is clearly made out that the Empire can supply practically all the apples we require. They are supplying a very large quantity at the present time. I think the figures of the importation are familiar to the whole Conference. Last year we were importing 2,555,600 cwts. of Empire-grown apples and we were importing from non-Empire countries 1,916,000 cwts. More than one Dominion is interested in this. Canada has large exports—1,343,000 cwts. Australia has large exports—336,000 cwts. New Zealand is interested and will, I think, be increasingly so.

Mr. MASSEY: We are only commencing.

The CHAIRMAN: Exactly, and Newfoundland and the Union of South Africa are also interested. What we propose there is to invite Parliament to impose a duty of 5s. per hundredweight upon raw apples and to admit all Dominion apples free, absolutely free. I think you will find that is a duty which is reasonably commensurate with the scale of preference which you will obtain on the dried and preserved fruits.

CANNED SALMON

Then there came the question of canned salmon, which is of particular interest to Canada. Now it was represented to us strongly that while the Canadian exports to this country are not to-day as great in volume in proportion

as are the Empire exports of apples, yet they are very substantial. For instance, in 1921 while 406,000 cwts., roughly, was coming from foreign countries, 170,000 cwts., almost was coming from Canada, and the development in Canada can be indefinitely expanded; the supply is there in overwhelming quantities, and in a very short time the industry can be developed to supply the whole of our requirements. I think Mr. Graham will confirm that. In these circumstances we would propose that there should be a duty of 10s. per hundredweight upon canned salmon imported from foreign countries and that the Empire canned salmon should be admitted free of duty.

FRUIT JUICES

Then the question was also raised about fruit juice. It is not a very large point, but, on the other hand, it was represented to us that it works in very conveniently with the general stimulus which is being given to the drying and preserving and fruit growing trade generally in the Dominions, and it is also of particular interest to some of the Colonies in regard to such things as lime juice and lemon juice. In that case we shall be prepared to recommend a duty of 6d. a gallon on all fruit juice which can be reasonably supplied within the Empire. The list can be settled without any difficulty. I know limes and lemons are involved and there are a number of other juices. Sixpence a gallon upon these juices and the Empire produce to come in free.

HONEY

Then another question was raised, and that is honey. Well, that is a thing of interest to the settler, and it was represented to us that we were going to put a duty upon the jam and the fruits. Now honey is a very similar product, and it is quite plain that the Empire can supply without much difficulty a very large proportion at any rate of whatever imports of honey there may be. New Zealand is interested in this. She sent us last year 12,000 cwts. The West Indies are interested; they sent 14,000 cwts; and the Empire exportations to us last year were 26,000 against 32,000 cwts. of foreign. And it is quite clear that that is capable of great expansion because in 1919, when there was a great demand for honey in this country owing to the scarcity of sugar, Australia sent us 63,000 cwts. and Canada sent, I think, 5,000 cwts. Therefore in that case, in the case of honey, we should propose to recommend to Parliament a duty of 10s. per hundredweight, and the Empire produce to be admitted free.

WINE

We also propose to make certain further recommendations for improving the preference on wine, but those I should like to announce definitely to-morrow after the Chancellor of the Exchequer returns. The larger part of them is settled, but there is one point still outstanding upon which I would not like to pronounce without his authority; but I would say definitely at once we propose to improve the preference on wine, and we shall be able to state before the Conference ends precisely what extension we contemplate.

BARLEY AND HOPS

Then I think I ought perhaps to mention two matters which are contingent upon decisions of policy in this country, barley and hops, but I would like to say at once that in the event of a duty being imposed upon malting barley we should give a preference of one-third to the Dominions, and similarly if at the end of the period of the hop control it was decided to safeguard the hop pro-

ducers here by means of a duty rather than by means of a continuation of control, we would also give a preference of one-third upon imported hops, which ought to give a considerable benefit.

Those are the further items which, as the result of these discussions, we are prepared definitely to table and to ask the Parliament of this country to sanction. I think with that I would leave the further discussion on Preference open for the Conference.

PROPOSALS WELCOMED BY CANADA

Mr. GRAHAM: Mr. Chairman, needless to say, I have listened with interest and with gratification to the remarks you have just made in reintroducing this question of Preference. The Canadian members of the Conference considered at some period the proposals as to Preference put forward by the Government of Great Britain at the meeting of the 9th October, and, as you are aware, we have taken repeated opportunities since to discuss the whole situation with yourself and with the Chancellor of the Exchequer, in the endeavour to set forth the Canadian position.

The preferential proposals which have been mentioned to-day, and which it has been observed are within the framework of the existing fiscal system of Great Britain, will, we are certain, be received in Canada with due appreciation, as of distinct value to Dominion producers.

On two subsidiary phases of these proposals, questions have been put for consideration by the Dominion representatives: First, the duty on "other dried fruit" is proposed to be levied on such fruit, e.g., apples, pears, and peaches, as the Dominion representatives may consider of interest to their trade. The dried fruits suggested, in addition to those already included, appear to comprise those in which our producers are chiefly interested. Secondly, as to tobacco, two alternative proposals are made, stabilization of the existing duty over a term of years, or an increase of the preference from one-sixth to one-fourth. An increase of the preference would, in our belief, present most in the way of advantage to the producers of tobacco in Canada. As to the course which the British Government and Parliament should follow, we would not venture to express an opinion.

CANADA'S PRESENT POSITION IN REGARD TO IMPERIAL PREFERENCE

More important are the general issues raised in the statements made by yourself in your presentation of the present proposals, and by the Chancellor of the Exchequer. I may quote from the statement made by the Chancellor:—

> "We want you . . . . to tell us whether what we have proposed is going to help you; whether our proposals can in any way be improved, and, if so, in what direction. That does not bind us to accept any suggestions that you make to us, any more than you are bound to accept any suggestion we may put to you as to what we might desire by way of increasing our trade with you; but it does give us the opportunity, at any rate, of realizing what the position is, and then it will be for us to say whether, consistently with the interest of our own people here, we can carry out what you have suggested to us."

In response to this welcome overture, I have pleasure in giving you a brief statement of our position. Canada has been the pioneer in the modern development of preferential trade within the British Empire. She gave the first preference to British goods in 1897-8, and took the initiative in requesting the abrogation of treaties which stood in the way of Imperial Preference. This policy

she has steadfastly maintained. The Canadian preference now covers, in varying degrees, practically the whole range of competitive British exports to the Dominion. During the last session of Parliament, a 10 per cent discount on existing duties, constituting a further increase in the prevailing preference, was provided in the case of British goods imported through a Canadian port.

PREFERENCES NOT ACCORDED IN A BARGAINING SPIRIT

Canada has given preference in her own interest as well as what she conceived to be the interest of the rest of the Empire. It has never hitherto, in the case of the United Kingdom, been made conditional on the grant of an equal preference in return. We have at all times recognized the importance of conceding to each Government concerned the right to legislate as its own interests might demand, on tariff matters, or, in other words, complete control over its own fiscal policy. Should the British people decide at any time that it will be in their own interests, as well as what they conceive to be the interests of the Empire, to make far-reaching changes in their present fiscal policy, Canada will naturally expect that in the establishment of a tariff full and adequate consideration would be given, through preferential duties, to the interests of Canada's producers and to the substantial preferences which Canada accords to British goods. The Prime Minister of Great Britain has recently announced that the new fiscal policy of the British Government will include a substantial preference to the Dominions, not as a matter of bargaining but as a free will offering. This has been the spirit in which Canada has approached the question, and it was, we believe, the only position possible to take under past circumstances.

CHANGE IN BRITISH FISCAL SYSTEM WOULD CREATE NEW SITUATION

If, however, a general tariff is established in Great Britain as well as in the Dominions, and reciprocal trade arrangements are negotiated with foreign countries, as the Prime Minister has forecast, it is plain that in some measure a new situation will be created, and bargaining on a business basis, with weighing of reciprocal advantage, will tend to become the rule inside as well as outside the British Empire; though we hope that this will not involve any lessening of the forces of sentiment and Imperial policy which have operated in the past and which animate the proposals of the British Government to-day.

CANADIAN EXPORTS ON WHICH PREFERENCE WOULD BE OF MOST VALUE

Coming specifically to the proposal of the Chancellor of the Exchequer that we state what preferential duties would be of most advantage to our producers, and noting that the Chancellor quite properly observes it will be for the British Government to consider whether such duties would be in the interest of the British people, I now outline some of the chief Canadian exports to Great Britain in which an effective preference would be of most value. The list, of course, is not exhaustive.

WHEAT

Wheat obviously comes first and easily foremost. It is our most important article of export; the quality is unquestioned; the market is now highly competitive; Canada's export surplus is greater than the British import. We recognize, however, that in this case the issue has been decided. The Prime Minister has announced that the British Government does not intend to put a duty on wheat. We accept that decision. It, of course, restricts the range and value of the preference as regards the Canadian producers, but we fully and freely recognize that it is for this country to decide what is in the interests of its people and to act thereon.

BARLEY

Next in export importance among the grains comes barley, of which Canada normally produces 60 to 70 million bushels, and exported to the United Kingdom last year about 10 million bushels.

FLOUR

Milling, particularly of wheat flour, ranks high among Canadian industries. It is closely and naturally connected with our agricultural industry. The production of flour normally runs about 15 million barrels; last year our exports reached nearly 7½ million barrels, of which nearly 5 million came to the United Kingdom. The industry is capable of very great expansion if greater markets are opened. Flour is, of course, a commodity of which the production and milling capacity in Great Britain is large. The effect of a duty would, therefore, depend very largely upon the extent to which the Canadian miller was put in a less advantageous position than the British miller: a duty which was distinctly protectionist rather than preferential would not, in the long run, we believe, be as advantageous to Canadian millers as the existing situation. This is also the case with certain other commodities.

OTHER AGRICULTURAL PRODUCTS

Of the other agricultural products, excluding those already covered, the most important are fresh fruits, apples, peaches, pears, and plums, all of which Canada produces in unexcelled quality, and, especially in apples, in very large quantities, with difficulty at present in finding profitable markets (for Canada, a preference on fresh fruits is of much more importance than on dried or preserved fruits, and appears to present no difference in principle); cheese, butter and eggs, bacon and hams, canned vegetables, flax fibre, dressed or undressed linseed, linseed cakes, casings.

FISHERY PRODUCTS

Of our fishery products, canned salmon, which is faced with competition from Russia, the United States, and Japan, would at present be most helped by a preference. I might just say here that two items that I have mentioned in the last sentence or two have been noted for preference in the remarks made by the Chairman, and I wish to express our thanks for that action by the British Government, and believe it will be very helpful to the producers of these goods in Canada.

FOREST PRODUCTS

Our forest products, with due observance of conservation principles, are capable of great expansion; notably lumber, news-print and other paper, millboard and strawboard, and chemical and mechanical pulp.

METALS, MINERALS, VARIOUS MANUFACTURES, ETC.

Canada has also large resources in ferrous and non-ferrous metals, and in the non-metallic minerals, which a substantial preference would assist in developing. Our iron and steel and other metal industries, including agricultural implements and electrical apparatus, our wood-working, rubber and other manufacturing industries would supply a wide range of products—of which examples are: pig-iron; iron and steel products, including wrought-iron tubing, wire, wire rods, wire and other nails, screws and rivets, bolts and nuts; brass and copper products; lead, pig and sheet; zinc, crude and manufactured; hollow-ware and enamelled ware; hardware; implements and tools; electrical goods and appar-

atus; agricultural and other machinery; office and other furniture; miscellaneous wood manufactures; sole, upper and fine leathers; leather and rubber footwear and other goods; heavy and other chemicals, including acetate of lime, acetic acid and acetone, carbide of calcium; brooms and brushes; condensed milk and milk powder, macaroni; cordage; linseed cake; starch; dextrine; casings; potato flour, etc.

CANADA'S MANUFACTURED GOODS NOT ASSEMBLED FROM IMPORTED FOREIGN PRODUCTS

I would like to call the attention of the Conference to this phase which I am now going to present, but to which I made reference yesterday. That is the allegation that has been made time and again in the press, that Canada is merely a place for the assembling of products of other countries to be forwarded to Great Britain in order to secure the benefit of Great Britain's market.

The statement is sometimes made here in the press and in public discussion that Canadian manufactured goods are not rightly entitled to a preference in the British market, as they are not really manufactured in Canada, but are merely assembled from imported parts and sent over here as Canadian products. It may be pertinent to our discussion to-day to state that this conception is wholly erroneous. It could not survive a visit to Canada's manufacturing centres or a study of the statistical reports of the development of our industries.

CHIEF MANUFACTURES WHOLLY CANADIAN

Our chief manufacturing industries are based primarily on the natural resources and extractive industries of Canada. For example, our two largest manufacturing interests, flour-milling and meat-packing, represent the two broad divisions of Canadian agriculture; our third largest is lumber; our fourth, pulp and paper; and our fifth, smelting. Of scores of our other largest industries based in part, according to the universal practice, on imported raw materials it needs but to mention them to note that they are wholly Canadian, as for example our textiles, rubber goods, chemicals, agricultural implements, boots and shoes, etc.

THE 25 PER CENT RULE MUTUAL

The British people have in general exactly the same measure of assurance that goods which come from Canada and claim preferential tariff rates are distinctively Canadian as the Canadian people have that goods which come from Britain and claim our preferential rate are distinctively British. When Canada first granted a preference to British goods, complaints were raised that German and other goods were coming through Britain and securing the benefit of our preference. It was therefore provided that no goods imported into Canada should be entitled to the preference unless at least 25 per cent of the value consisted of British labour and materials. When this country adopted a limited preferential system a few years ago, it adopted the same rule.

SPECIFIC EXAMPLES OF WHOLLY CANADIAN MANUFACTURES

But it is not merely on these general considerations that I wish to rely in repudiating the reckless statements that have been made. I may take the specific items which bulk largest in our export of manufactures to Great Britain and to the Dominions and India. Paper, particularly newsprint, takes a high place in this list. It is a 100 per cent Canadian product, made in Canadian mills from Canadian wood. Wheat flour and rolled oats are also widely exported, again, made in Canadian mills from Canadian wheat and Canadian oats. Sugar

now comes first among our exports to Great Britain which receive a preference. While we grow larger quantities of sugar beets in Canada, our raw material in this case comes preponderantly from outside, but the refineries are out and out Canadian; and further the sugar which we use for our exports to Britain is drawn mainly from the British West Indies, to which Canada gives a very substantial preference. Under the British regulations, the preferential rates apply only to sugar produced within the Empire; and by a further application of this principle, which goes beyond anything in our regulations, preference is not accorded on jam or condensed milk, unless the jam or condensed milk is made in Canada, and the sugar used is refined in Canada from raw sugar grown within the Empire.

THE CANADIAN MOTOR CAR INDUSTRY

Automobiles are another large factor. In some instances, our motor factories began as assembling plants, but this stage has long been passed. Our motor factories are substantial and efficient organizations, carrying the process of manufacture from the ground up; it is almost exclusively from these factories that the half million cars which Canadians themselves now use, have been drawn—one car for every four families. Engines, radiators, axles, wheels, springs, sheet metal work, hardware, upholstery, tyres, are all manufactured in Canada; one company draws upon 485 Canadian sources of supply. Of the two cars of Canadian make most largely imported into Britain, not 25 per cent, but, in one case, 60 per cent and in the other, 80 per cent of the cost is represented by material and labour of Canadian origin; and in the case of the car chiefly exported to other parts of the Empire, the percentage runs still higher. It is not necessary to go into further detail; the items mentioned constitute the bulk of our export of factory products; the same story would be told of the great majority of other manufactured exports.

I apologize for taking so much time. I think I have gone far enough into the subject, both generally and in detail, to explain our position. I wish again to say how thoroughly we appreciate what the British Government has seen fit to do in its proposition.

AUSTRALIA'S APPRECIATION OF GREAT BRITAIN'S PROPOSALS

Mr. BRUCE: I certainly wish to associate myself with Mr. Graham in expressing Australia's appreciation of the proposals which the British Government have brought forward of their own volition. I think that inside the limits of the existing fiscal system in Britain the British Government have done everything possible to give an expression of their belief in the principle of Empire Preference and the fostering of Empire trade. Certainly as far as I am concerned, I am very gratified at what it has been found possible to do, always, of course, remembering the limits that the existing British system imposes.

PRINCIPAL AUSTRALIAN INDUSTRIES WHICH WILL BENEFIT

The preferences that will help us most are those that were previously announced, namely, those on dried fruits and canned fruits, and also one to which you have referred, but as to which no definite statement has yet been made, namely, wine. Those three, coupled of course with preferences on fruit juices and honey, which you have announced this morning, are certainly going to assist us materially in one particular scheme which I outlined when speaking on this subject on a previous occasion. We are interested in tobacco, but not at the moment to the extent that one would wish; but possibly the greater generosity of treatment which has been given to us will enable us to become considerable producers of tobacco in Australia. We have great possibilities of doing it.

IMPROVED EFFICIENCY OF PRODUCTION AND MARKETING: AN ASSURANCE

Australia certainly recognizes that these preferences which have been given to the Dominions are not going to ensure the products of the Dominions flowing with certainty into Britain unless we, on our side, are prepared to do all that is necessary to keep a trade in which we have been given exceptional opportunities. We shall have to take great thought as to our costs of production; we shall have to do everything in our power to bring about the greatest efficiency. With regard to fruits in particular, we shall have to go on every year trying to improve the standards of our grading, and our packing, and we must also provide for efficient marketing. I think it must be recognized that during the last few years we have made very great strides, and I think we have been able to educate our producers to a realization of the necessity of doing all these things if they are going to hold the markets in which they are gradually obtaining a footing. But I think I should give to the British Government, who are trying to meet us in this matter, an assurance that as far as the Australian Government is concerned, we will do everything in our power to try to ensure that the fullest advantage is taken of this opportunity, and it certainly will not be through costly production or inefficient marketing that we will lose the markets in the future.

DANGER OF FOREIGN DUMPING RENDERING PREFERENCES INEFFECTIVE

In discussing preference there is one point I should particularly like to raise, and it is this. I am quite sure that the British Government desires to give to the Dominions effective preference to the extent that has been indicated already; but we do feel that there is a possibility of that preference not actually being effective, unless the British Government can see its way to take action, if it becomes necessary, to ensure that their own desire and the desire of their Parliament, if these alterations are made, are actually going to be given effect to. These trades have not been exclusively in the hands of the Dominions in the past, and there are great interests concerned to see that they do not get into the hands of the Dominions in the future. I certainly anticipate that these interests will take action to try to prevent the alteration that we desire being brought about, and if they have that intention, the action they will take will be that of dumping into this market, to try and strangle the trades of the Dominions as they are gradually growing up. To take the case of dried fruits; in particular items, such as apricots, prunes, sultanas, peaches and so on, California is the largest producer in the world. She conducts her business largely through large and well-organized co-operative selling associations, and she has an enormous home market in which her home production is absolutely protected. Californian producers are certainly in a position to take action against our intention and our desire if they so decide. As regards currants, we have Sir Phillip's assurance that he will put on the full dried fruit duty when we can show that our production will supply a reasonable part of the market requirements. The bulk of currants come from Greece at present, and the whole position is handled by the Greek Currant Bank, and there is no doubt they could take dumping action if they wanted to. On the other hand, they are so dependent upon the price they realize for their product that I do not think that they are in quite the same position as California, nor that there could be any long sustained attack. I am merely raising the question to ask the British Government if they will give it their consideration, because I am quite certain from the whole of their attitude that the British Government have every desire to make the preference which they are offering at the present time to the Dominions a real and effective preference.

BRITISH MANUFACTURER PROTECTED AGAINST DUMPING IN AUSTRALIA

The Dominion, of course, do take action in the direction I am suggesting. The British manufacturer is protected against dumping in Australia in connection with importations from countries where there is an excessive depreciation of exchange. I do not think, therefore, that it is unreasonable that we should ask that something should be done so that we will not go ahead with great schemes of development and expansion with an increased production, and then find that, although this preference may stand on the Statute Book, we are subjected to a dumping attack which will absolutely destroy the intention of the British Government and of the British Parliament.

LIMITS OF AUSTRALIA'S REQUEST FOR PREFERENTIAL TREATMENT

There is another point that I want to make quite clear. I, of course, as Mr. Graham did, very much welcome the attitude that was taken up by Sir Philip and the Chancellor of the Exchequer, and the invitation to state our opinions on the effectiveness of the British proposals, and to put forward any other points with regard to which we considered some action should be taken. In the discussions we have confined ourselves entirely to the position created by the fiscal system of Britain as it is, but I do want to make it clear that, even in discussing in broad outline the present position, Australia does not wish to come here and enumerate a long list of industries that it desires to be protected in this country. That is not the position at all. That is not our desire. For example, in the greatest primary industry we have in Australia, the woollen industry, I am making no suggestion that we wish to ask for protection for our wood in the British market; similarly with a great number of other commodities; and I want to make it abundantly clear that in talking of Empire Preference, and in desiring a certain preference in the British market for Australian production, it does not mean that there are dozens and dozens of things—even running into hundreds—that might be suggested, or that, if this idea of Empire reciprocity were adopted, it would mean that on all the things that Australia produced we intend to ask that there should be a protection in this market. We would only make a request when there was a valuable industry which we considered should get some preference in Great Britain if there was a tariff item in this country with regard to it.

THE CRITICAL POSITION OF THE AUSTRALIAN BEEF INDUSTRY

There is one industry, which I dealt with yesterday, and I do not want to labour it again to-day, which we are very concerned about, not because of what it means to Australia, but because of what it means to the Empire as a whole, and that is the beef industry. That problem is one that I suggest must be regarded from quite a different standpoint from the general question of a definite and continuous policy with regard to the question of meat generally. This particular industry is in grave danger of being reduced in a way that would be very detrimental to the interests of the whole Empire. I think our beef industry is more or less in a similar position to agriculture in Great Britain, and while it may be a matter for the future to determine what is going to be done in regard to these particular industries, I certainly think, in regard to the Australian beef industry, we have to find some solution urgently, even if it be only a temporary solution of the difficulty we find ourselves in. But I dealt with that yesterday, and I certainly think that the Economic Committee, which has now been agreed to by the Conference, may present some way in which we can find a solution to this question.

THE FOOD AND MATERIALS COMMITTEE REPORT

In connection with that particular matter I think it would be more or less appropriate to say a word or two in regard to the Report which has been submitted by the Committee, and which Sir Philip also dealt with. I was the person who made the suggestions which were investigated, but again I want to make it clear, as I tried to do at the time, that I take no responsibility for any of these suggestions, nor have I any brief for any of the methods that were proposed. I indicated that Australia believes there is only one really satisfactory way in which the desired result can be brought about, and that is by a tariff and a preference; but while I said that that was our view, I also indicated that we did not say we had all the wisdom of the world as to how results can be effected, and I referred to the fact that many other suggestions had been put forward, and I indicated that I thought they should really be examined and considered to try and ascertain whether there was any other way in which a solution of this difficulty could be found.

Well, the Committee has met and the Committee has reported, but I say, with the utmost respect to the Committee, that I cannot believe it was possible for any Committee, in the time which it had at its disposal, to have exhaustively studied this subject, and to have come to a final and definite conclusion as to whether there is any possibility along those avenues, with possible modifications, with possible substantial alterations, or even by some new scheme that might be evolved, of bringing about the result we desire, which is to try and ensure the British market for Empire production.

FURTHER EXPLORATION OF THE QUESTION ADVOCATED

I would be very sorry if, as a result of the Report which has been submitted, we are going to say that the door is closed to any further consideration of any alternate method of dealing with the question of trying to ensure the British market for Empire production, because if that is the position, then it seems to me we are in very grave difficulties in attempting to give effect to what I think is the considered opinion of this Conference, namely, that we should try and ensure the British market for Empire production, having in mind that that will stimulate the development of the Empire generally.

COMMITTEE DID NOT CLOSE DOOR ON CONSIDERATION OF OTHER METHODS

The CHAIRMAN: May I say at once on that, Prime Minister, nothing was further from the minds of the Committee? We found, as we felt bound to find, that these three specifics were impracticable, but that very fact concentrated attention all the more upon any other ways which were effective. It was not in the least intended to shut out other means; it was only intended to show that those three methods were impracticable and therefore if we were to achieve our purpose we must achieve it on other lines.

EXPERIENCES OF WAR-TIME CONTROL NO CRITERION

Mr. BRUCE: I am very glad to hear that is the position, but it does not quite meet me the whole way because I still hold the view that it would be impossible for the Committee even to have considered these questions as exhaustively as is necessary to make quite sure whether, with some modification or some alteration, our object could not be achieved somewhat along these lines, and I certainly think that the Report lays too much stress upon the experiences of the war. The experience of the war was at a time when you had control which to a great extent was designed to limit consumption. You were in serious trouble

as to your supplies and you also had great difficulty in limiting your consumption within the supplies that were available. The position is quite reversed now.

PROBLEM OF MARKETS NOT FULLY SOLVED BY PROPOSED PREFERENCES

In saying that, I do not for one second wish to be understood to be an advocate of any of these alternatives, or of control in any way, but I do feel we are in difficulties by reason of the fact that the British Government, through the voice of the Prime Minister, has said that there is to be no tax upon meat or wheat. Well, if there is to be no tax upon meat or upon wheat (although the whole of the statement made to-day seemed to indicate that a tariff was infinitely preferable to any other method, and if we are also going to shut the door on other methods and not try to find whether there is not some way outside the tariff of giving effect to what we want, then we have to recognize that we have closed the door to a great extent to any real stride forward in Empire development. I can only speak for Australia, but in regard to these great industries upon which we are mainly dependent, we can only really go forward, we can only accelerate the pace of our development, if we can see some reasonable certainty of having a market for our products, and for that reason I want to make the position that I am taking up as clear as I possibly can.

I, of course, recognize that it is entirely a matter for the British Government to determine what they are going to do in Great Britain in regard to anything that is imported into this country, and it is, of course, in no sense any business of any of the Dominions to attempt to dictate or to do anything to try and put pressure upon any Government to take action in that direction. We certainly would resent it if anybody attempted to exert pressure on us, and we understand we cannot do so to anybody else. All that I have been trying to do is to show the problem we are faced with. The problem, as I see it, is that we must develop the Empire, so that we shall increase its purchasing power, increase its man power and provide a better market in the future for Britain's manufactures than she has ever had in the past; I think that expresses the desire of Britain and of every part of the Empire, but it can only be achieved, and the Dominions can only go forward, if they have some assured market.

NEED FOR FURTHER INVESTIGATION OF PROBLEM

It very possibly is the right course (I express no opinion about it) to say that we cannot have a duty upon meat or wheat in this country at this time, but if that is so I certainly do urge that we should never cease from examining every plan that may be put forward. We ought to employ the best brains in the country to try and find some alternate method to the straight-out tariff (which Australia understands and believes in). There is no real difficulty in the solution of this problem if it can once be established that you can give a certainty, or a reasonable certainty, to the Dominions of this market for their primary products without increasing the cost to the consumer in Great Britain.

PROBLEM OF THE AUSTRALIAN MEAT MARKET IN GREAT BRITAIN

When one reads the reports of the Linlithgow Committee, when one considers the position, it seems that we must have become very bankrupt in statesmanship and also in commercial ability if it is not possible to find some way of achieving our objective. Take the position of the particular thing I was talking about before, namely, meat. We have established the fact that the average price of Australian frozen meat ex-store in London is 3¾d. We produce a pound of beef, including the cost of raising it, probably of droving it

great distances, getting it to the meat works, killing it, handling it, putting it into a ship and carrying it 12,000 miles, and, as a result of all that (after providing payment for everything, including freight and insurance), we get 3½d., and yet the meat costs 9d. when it is bought in a retail shop. Surely there must be some way of remedying the position without increasing the cost to the consumer in Great Britain. I am sorry to weary the Conference with this particular point, but it is vital beyond words to Australia, and, I believe, to the whole Empire, that we should find some solution. I recognize that there are tremendous difficulties in the way of putting on a straight-out tariff upon these vital necessities of the people, and possibly it is a right decision to say that it will not be done, but if it is not going to be done, then it seems to me some other way must be found of arriving at our objective. I do not want to go at much further length into this question, but there is another point that I feel I must put and must stress, and it is this.

ACCELERATION OF EMPIRE PRODUCTION AND DANGER OF UNEMPLOYMENT

We are in the position now that we are inevitably (even if we do not make any great acceleration) going to get increased production from the Dominions, and if we really do accelerate it, it is going to be a vastly increased production; and we may find ourselves in the future in a position which (I do not think I shall be misunderstood if I say it) Britain finds herself in to-day with regard to her own population. Great industries have been built up in this country; the world has taken a turn in a certain direction; markets that were requisite to keep those great manufactures running have disappeared, with the result that there is no outlet for the production. Tens of thousands, or even millions, of men are out of employment, and a situation has grown up which is so intolerable that something must be done. The situation is of such a character that when one comes to consider what should be done, proposals can be made and can be considered seriously and can be possibly accepted, which, if they had been made a few years ago, nobody would have even heeded, nobody would even have listened to; it would have been said that they were quite beyond the bounds of practical politics and were utterly impossible.

But I feel that we may find ourselves in the same position with regard to Empire production. Things may get to such a point that we may see a crisis impending for the whole Empire, and we may suddenly be faced with the necessity of putting through some revolutionary proposals—always, of course, assuming that the interests of the whole Empire are one. If we found ourselves in a crisis, Britain would be prepared to do anything to try and relieve the pressure and find a way out.

Surely it is better to try and avoid that to-day by seeing if there is not some way we can find by which we shall be ensured that in the future, as this production comes to hand, there will be some market in which it is possible to dispose of it.

EFFECTS ON EMPIRE PRODUCTION OF REVIVAL OF TRADE WITH RUSSIA

Another side which I think I ought to stress is that there is going to be a revival in Russia; there are British financial arrangements being made by which the grain of Russia can be handled, and probably and presumably can be disposed of in this market. In the future this may be a very serious question for the Dominions, and for Britain herself and the whole of her agriculture, and I think we ought to see the danger ahead of us, and certainly see if there is not some way by which we can guard our interests, and not have to take extreme measures when something in the nature of a crisis arises.

The position in Russia is that it has the poorest standard of living of any country on the Continent; the whole of its grain supplies are controlled by one interest and dealt with in any direction that interest chooses. Russia's production poured into the British market would mean that the British agriculturist and the Dominion agriculturist would be placed in a position where, with his standard of living and resultant natural cost of production, he simply could not live; Canada and Australia would have to reduce their production of wheat; and probably wheat production would almost disappear in Great Britain. That surely is not a thing that we can contemplate very cheerfully, and if we can find some way to meet it, it will not mean inevitably that we cannot trade at all with Russia. We shall probably trade with Russia to a considerable extent, but Russia will not be the solution of the whole of Britain's difficulties in the way so many people suggest.

The trade that has been done with Russia in the past was nothing phenomenal; it was nothing that would really affect very materially the situation in Britain to-day. I would like to put on record the figures for 1913, which was prior to the war, when Russia was enjoying as great a prosperity as she has ever seen. In that year she purchased £18,102,683 of British goods; or 2s. 1d. a head. Of course the Dominion trade is infinitely more valuable than that. Australia in the same year purchased £34,471,000 or £7 1s. 7d. a head, and New Zealand bought £10,813,255 or £10 6s. 6d. a head. I think you should remember those figures, because if the Russian trade is fostered, it will probably very materially affect the purchasing power of Australia, Canada, and all the other Dominions, and the effect on their purchasing power will be very much more serious, than if Britain did not absorb the whole of the Russian trade, which might be possible if we gave them an unlimited field in the market.

NECESSITY OF ENSURING TO THE DOMINIONS A MARKET IN GREAT BRITAIN

All this may possibly appear to be wandering a little from the subject we have before us, but I suggest it is not in the least so. The reason why I am mentioning it is to try and urge the absolute necessity of finding some way, and finding it quickly, by which we can at all events give a reasonable possibility of the Dominions having a market in Great Britain. What I want to try and stress above everything is that, even if it is Britain's considered and determined policy that there shall be no tariff upon wheat or meat, let us not on that account abandon our ideas or hopes that there is any possibility of doing anything at all. That is the particular point I want to stress.

AUSTRALIA'S ATTITUDE

I apologise, Sir Philip, for going at rather considerable length into this question, but there is only one other word I want to say. I want to make it very clear to this Conference that Australia at this moment is in no particular trouble. I am always apprehensive, because I am stressing these questions so much, that an impression will get abroad that Australia herself is in difficulties, and that I am here putting up a fight to try and grab something for Australia. Believe me, that is not the position at all. We are one of the fortunate countries which are in no particular trouble, and we can go on very comfortably. But we will have to condition our development to the circumstances in which we find ourselves. Our attitude in this is that we believe, that our future lies inside the Empire, and we want to do whatever we can to promote the welfare and well-being of the Empire as a whole, believing that if we do that, while helping the Empire we are also going to help ourselves to an even greater extent.

I want, if I may, to move two resolutions, at whatever may be the appropriate time, dealing with the question generally of the development of the Empire and the methods that should be adopted to that end. Perhaps it would be suitable if I read them now?

THE CHAIRMAN: I think so.

RESOLUTION MOVED

Mr. BRUCE: The resolutions as I have drafted them are as follows:—

"(1) That the greatest economic development of each of the several countries and territories composing the British Empire is to be found in the promotion of their mutual trade, and in the development of the resources of the British Empire as a whole.

"(2) That the further extension of the policy of Imperial Preference which was inaugurated by Canada in 1897 and which was accepted in 1917 by all the Governments represented at the Imperial Conference offers the most effective means of achieving this end."

NEW ZEALAND'S APPRECIATION OF BRITISH PROPOSALS

Mr. MASSEY: I desire to commence my remarks by expressing appreciation of what the British Government is proposing to do in connection with the extension of Empire Preference in favour of a number of the commodities produced in the oversea Dominions.

SYSTEM OF SUBSIDIES IN NEW ZEALAND NOT A SUCCESS

But first I want to say a word or two about the Report of the Food and Materials Committee, a memorandum in connection with which has been placed before members of the Conference. I want more particularly to refer to the last two paragraphs. I do not think it will be news to many people when I say that in New Zealand we had considerable difficulty during the war, and even more serious difficulty after the war, with regard to certain articles of produce. We gave the principle of subsidies a thoroughly good trial in connection with these articles, but I am bound to say that we were not particularly successful. They cost the Dominion a lot of money for which I cannot help thinking we did not get value.

REDUCTION OF PROFIT MARGINS POSSIBLE

So far as the keeping of profits down to a reasonable rate is concerned, it is possible to prevent exploitation, and we proved it. I hope that effect will be given to the suggestion contained in the last paragraph but one of the Report of the Food and Materials Committee. I will not quote the whole of it, but the Committee say: "While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interests of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer." With that I agree absolutely.

PROBLEM OF MARKETING BEEF IN GREAT BRITAIN

The Prime Minister of Australia gave an instance of what is going on in connection with the marketing in England of Australian beef. I can endorse what he said. When I was in England in 1921—I am bound to say that matters have improved a little since then—a shipment of beef to this country was sent from a farm with which I was acquainted. About 150 carcases were

sent over and they realized 3½d. per pound. The cost of sending them, including slaughtering and other charges, was 3½d. per pound. That left a ½d. per pound for the producer—practically nothing. I am glad to say the position has improved a ilttle since then; and, so far as New Zealand is concerned, we are trying the experiment of chilling beef. I do not know whether the experiment will be successful, but a shipment of chilled beeef is on its way now from New Zealand in the hope that our producers will be better able to compete with South America, and particularly the Argentine. I agree with the Prime Minister of Australia that the problem with regard to beef is the most serious in this connection that the British Government have to tackle, and at present I do not quite see the way out of the difficulty, unless it be by a further extension of Preference—and I know what that is likely to mean when it comes before the British Parliament.

MARGIN OF PROFIT ON NEW ZEALAND APPLES IN GREAT BRITAIN

There is another illustration I want to supply as to the necessity for something in the way of limitation of profits. Since I have been in England on the present occasion I have had some correspondence from a firm who found it necessary to purchase a number of cases of New Zealand apples. We have been placing New Zealand apples on the British market for some time past. The price which this firm—I have not the correspondence with me here—paid for the apples was at the rate of 25s. per case of 40 lb. I think that works out at 7½d. per lb. for apples which were purchased by the case in the London market. Apple-growing is with us a struggling industry, though I have great hopes for it, and the Government have been encouraging it for a number of years past. But this is what has been happening in New Zealand. In order to encourage export, we guaranteed the apple growers 1d. lb net. Last year we had a considerable deficit. I think we went to the bad about £12,000, but, at all events, the best that could happen to the New Zealand producer in connection with the price of his apples was 1d. per lb. That was all he received. The same apples were sold here in London at 7½d. per lb. I think the margin is too large.

It is not for me to suggest what the British Government ought to do, but if there is no legislation already on the Statute Book to deal with such a case as that, then I think it ought to be placed there, and that matters such as this should be looked into. I do not mind a reasonable profit to the trader—not in the very slightest. I think he should get a fair and reasonable profit, but anything of this sort is little short of exploitation. I do not say the same about beef, because I am not so well up in that; what I mean is that I do not know the retail prices of beef at present.

CO-OPERATIVE MARKETING A POSSIBLE SOLUTION

The CHAIRMAN: Price control, even if you could apply it, would not give your man a better price. Is not what the producer has to do to go into the market and, by co-operative methods, sell himself?

Mr. MASSEY: That is exactly what they are proposing to do. I have had notice of some of the legislation for the next session of Parliament, and I understand they will ask for the necessary power for the control of the marketing of their own produce. I hope it will have as good an effect in connection with apples as it has had in connection with the export of meat. When I say meat, I mean mutton and lamb; I am not speaking now of beef.

The CHAIRMAN: And your dairy produce too?

NEW ZEALAND BECOMING THE DAIRY FARM OF THE EMPIRE

Mr. MASSEY: Of course—the dairy farmers in New Zealand have already taken action. It has become a tremendous industry. The export of dairy produce from New Zealand to Britain last year amounted to nearly £18,000,000 worth, and it is still increasing rapidly. It may be selfish to suggest that New Zealand is going to supply the British market with dairy produce alone, but I believe we are going a long way towards it in the next few years. In fact, New Zealand is rapidly becoming the dairy farm of the Empire.

TOBACCO-GROWING IN NEW ZEALAND

As far as the other tariff items are concerned, New Zealand is interested in the proposal to extend the preference on tobacco from one-sixth to one-fourth. Tobacco-growing is another struggling industry in New Zealand. I am not going to predict that the industry will prove successful. All that I can say is that, so far as I am able to judge, the tobacco plant grows very luxuriously in the Dominion. It has been suggested to me that the growth is too rank to produce a good smoking tobacco. I do not know if that is so, but I do know that we can produce plenty of what is called raw material. Whether we shall be able to produce good smoking tobacco remains to be seen. Personally, of course, I hope so. We are giving growers in New Zealand a little encouragement by way of preferential duties.

PREFERENCE ON APPLES: EFFECT IN NEW ZEALAND

As regards apples, as I have already indicated, we are particularly concerned in that industry, and I think that 5s. per cwt. will go some considerable way to assist the fruit-growers in my country—and they need it. Apple-growing is only a young indutsry yet in the Dominion, but already no less than an area of 31,000 acres is planted in orchards—which, of course, include other fruits, but mostly consist of apple trees. That is a fairly good commencement. Of the 31,000 acres, I have no doubt that about 28,000 acres are apples. The apples are of good quality; there is no question about that. We have been rather unfortunate in that several shipments have been damaged, but I think the fault was in the handling of the apples, not keeping them just at the right temperature on the voyage. I do not suggest that absolutely, but I think so. But I believe there is the making of a fine industry in New Zealand in the growth of apples. It is not a new thing; it is a new thing as far as export is concerned, but there are settlers in the northern district of the Dominion who went on to the land sixty years ago, and who grew apples very successfully. These men started practically with very little capital or experience, because they came from the manufacturing centres of Britain and settled on the land in its natural state, with practically no good market and nothing but their own industry to help them. I cannot remember one who has not acquired a competency by his own industry.

These settlers at first had to depend largely on fish, which was very plentiful; they grew maize to a certain extent, and vegetables, and incidentally most of the clothing for their children was made out of the flour sacks that brought the flour for their consumption. We have now gone rather past those days. However, I am sanguine about apple-growing, and I welcome this extension of preference.

PROSPECT OF OPENING UP CANNED SALMON INDUSTRY

It may be news to some of the members of the Conference that New Zealand is also interested in the canning of salmon. I was pessimistic about the acclimatization of salmon in New Zealand waters for a long time. New Zealanders

tried to acclimatize salmon many years ago, and had very little to show for it for a long time. But there are plenty of fish now. We have not allowed the public to take fish for export yet, but I think we shall be able to do so next season. I know the salmon are doing very well indeed. There are two varieties, the quinnat salmon and the Atlantic. I had a beautiful fish sent to me not long ago weighing 26 pounds. Fishermen state that the salmon abound in hundreds of thousands. I am looking forward in a year or two to our entrance into the market with canned salmon.

HONEY EXPORT INCREASING

Then there is another growing industry in which we are greatly interested, and that is honey. Last year we exported to England 1,187,000 pounds of honey. That is a very good start. The increase in the export is to some extent due to the fact that a number of partially incapacitated men who came back from the war and whose pensions provided only a bare living, were given the opportunity of going in for either poultry farming or bee farming. A number of them are taking up bee farming, and have been fairly successful, and they will increase. I am confident there will be production in the future much greater than that which I have just quoted.

WINE PRODUCTION IN NEW ZEALAND

I do not know that wine can be produced to any extent in New Zealand; I am not sanguine about it. But we can grow grapes. We have more than one climate in our country, but I think generally the atmosphere is too moist. There are two wine-growing districts, Central Otago, and Hawkes Bay on the east coast, which are quite dry enough, and good wine is produced in the latter district. But in other parts I doubt whether we could make it a great success.

TRADE WITH RUSSIA AND EMPIRE DEVELOPMENT

I think it is quite likely we shall come into competition with Canada in exporting barley before very long, because we have a good deal of land suitable for that particular purpose. In reference to the Russian wheat proposal, I think just at present, when we are struggling to assist in lifting the depression from the United Kingdom, that what has been suggested by the papers is a very dangerous experiment. I do not want to say that I hope the people concerned will lose their money, but I do think that it would be very much better for the Empire as a whole if, instead of going to Russia for the purpose of development, they should assist in developing parts of the oversea Dominions. There is plenty of opportunity to do that. I am not suggesting that New Zealand can export wheat to any extent, because I am afraid the cost of production would be too heavy. We grow very big crops, but the financial balance to the producer is very small. But I know what Canada can do. I have crossed Canada so often that I know something about her producing capacity, and I have not the slightest hesitation in saying that Canada could produce enough wheat for the whole Empire if it became necessary; and Australia could do it, too, or at all events can increase the quantity it at present produces.

BRITAIN'S GROWING MARKET IN NEW ZEALAND

The Prime Minister of Australia, referring to the purchases that are being made by the people of the Dominions from Britain, mentioned the fact, and I have no doubt it is correct, that in 1913 New Zealand purchased £10,000,000 worth of goods from Britain. This is approximately correct, but for the first

six months of the the present year we purchased over £10,000,000 worth of goods from Britain. I know that business has increased enormously, and I do not need to say that we are going to do our best to place some very large orders for machinery and metal manufactures, and to take advantage of the arrangements of the British Government to encourage the purchase by the oversea Dominions of their supplies in the British markets, and thereby assist in lifting the depression, and providing employment for those who are experiencing difficulty in finding it now.

NEW ZEALAND'S PREFERENCE POLICY

Now just another word or two about the principle of Preference. We all know that Canada led the way in the principle of Preference; I remember the legislation being agreed to perfectly well, and their are very few of us who disagreed with it at the time. I am very glad to see that idea has developed; all the Empire has taken it up to a certain extent. New Zealand has increased her preferences enormously. She commenced in 1907 in a very small way. About forty articles or commodities were given preference, and now the number has risen to 425, and I am prepared to ask Parliament to go further if the British Government—and I am not making any bargain, because I am simply suggesting reciprocity—if the British Government will simply continue in what they propose to do, *i.e.*, to extend the preference as opportunity offers.

THE CHANGING ATTITUDE OF THE BRITISH PUBLIC TOWARDS IMPERIAL PREFERENCE

I said that I had some idea of the difficulties that will be met with later on, and I can see these difficulties in the distance. So far as I am able to judge I do not think there will be any difficulty in the British Parliament about the commodities which have been mentioned here this morning, but I believe that the British public are being educated up to the necessity of making the Empire a self-supporting Empire, and I think we should all work in that direction.

I have come across a number of public men in this country, men who take an interest in public affairs, men some of whom have been in the British legislature at different times. A very influential man said to me: "At one time Free Trade was my religion, but I begin to see now where we are getting to and I am no longer a Free Trader in the sense in which the word is used to-day." He holds the same opinion as I do, that what is called Free Trade in Britain is not Free Trade in the proper sense of the term. There are many such people. I have met them repeatedly. I have come across them at public meetings and in places of public resort and I believe when the opportunity arrives that you will find a tremendous vote in favour of the principle which it is proposed to affirm in connection with these resolutions.

THE EMPIRE SHOULD SUPPORT BRITISH INDUSTRIES

Let me emphasize the point I referred to just now. I do hope that the different countries of the Empire will do all they possibly can to place orders in the British markets for metal manufactures, or for any other form of manufactured goods, and as soon as possible, so as to employ some of these million and a quarter of men who it is estimated are out of work. We can do a great deal of good by encouraging each other. I have not the slightest doubt that there is sufficient capital in Great Britain to employ the whole of these people if they were only satisfied that the country was going to get over its financial and commercial difficulties. I believe it will.

At a crisis like this we must have confidence in each other as British citizens. I am not speaking for the people of any other country. We must have confidence not only in the country where we happen to be located, but also in the Empire. If we can adopt that principle and continue in it I do not think it will be very long before we find the depression lifting. I think it is lifting now. I have heard many evil predictions during the last six weeks, but I hope they are not going to be verified. We can look round the Dominions and there is not one of them now suffering from depression. We have that to start with. Our neighbour, Australia, is prosperous; so also is Canada. I think South Africa is prosperous, and I know my own country is particularly prosperous, much more so than it was a year or eighteen months ago. The outlook is good, but we do not forget that Britain is our market; if anything went wrong with the British market and the purchasing capacity of the British people was thereby reduced, then we are going to be affected, and, even looking at it from that point of view—and that is a selfish point of view, I admit—it is our duty to assist in lifting the depression.

POSSIBILITIES OF A SELF-SUPPORTING EMPIRE

There is another point I have often emphasized, that anything in this way provides another tie of Empire. I look upon it that what we are doing now is only a commencement. There are tremendous possibilities in the way of a self-supporting Empire. I hope every public man will look at the question from the point of view of the Empire rahter than from a strictly local aspect. We have got past that stage.

AMENDMENT OF MERCHANDISE MARKS ACT

There is this one other point, which I am not going to elaborate, because I understand it is going to be provided for by legislation; I refer to the necessity, at least the desirability, of an amendment of the Merchandise Marks Act, which would allow the public here, the consuming public, to know whether the goods they were purchasing are produced within the Empire or outside the Empire. That is practically all I am asking for.

The CHAIRMAN: Sir Robert Sanders says he has a statement to make in answer to that and I think it would be convenient to take it after your speech.

THE 1917 RESOLUTION ON IMPERIAL PREFERENCE

Mr. MASSEY: I am going to take a little credit for what is happening. When I came here to the Imperial Conference of 1917, Mr. Bonar Law, who has passed away and whose death we all regret, was Leader of the House. He was an enthusiastic supporter of Empire Preference, and, after consulting with him and one or two others, I drafted a motion and submitted it to the Conference, affirming the principle of Empire Preference. It was referred to a Committee, representative of the different parties in the Government at that time (because do not let us forget it was what was called a Coalition Government or a National Government formed for the purpose of carrying on the war), and they gave it a great deal of attention. I can remember Lord Milner taking a very prominent part in connection with it as well as Mr. Bonar Law, but at all events it came back from the Committee to the Conference, where it was unanimously agreed to. I mentioned it the other day when taking part in the opening of a big sale of Empire produce which is going on this week in London at the Army and Navy Stores, and the point I made then, and which I want to repeat now is, if it was the proper thing for all parties to support Empire Preference at that time, with the lessons of the war before their eyes, it is absolutely right now.

IMPROVED OUTLOOK FOR A SELF-SUPPORTING EMPIRE

I am not so pessimistic as to believe we are going to have war next year, or in ten years, or anything of that sort, but I hope when it does come—and it may not come in this generation—I hope when it does come that the Empire will be better prepared in the way of food-stuffs and raw materials necessary for its citizens than it was at the commencement of the last war; and this is the way to do it. I know this is only comparatively a small thing, but it is an earnest of what is to follow, and I am glad to think, whether the idea was mine or not, the germ was there; it was laid up; it has been one of the reasons at all events leading up to the position to-day, and from the point of view of a self-supporting Empire I have no hesitation in saying the outlook is better than ever it was before. That is all I have to say.

The CHAIRMAN: I think it would be convenient, Sir Robert, if you were to make your statement.

MERCHANDISE MARKS BILL AND "EMPIRE PRODUCE"

Sir ROBERT SANDERS: My statement is in regard to the Merchandise Marks Bill. I may say that that Bill was introduced by a private Member in the House of Commons early in the session which is at present going on and it has passed through the Committee stage. It has now been arranged that the Government is to take up the Bill for the remaining stages, and it will come on in the session which begins next week. At the suggestion of the Prime Minister of New Zealand it was agreed that this question should be placed on the agenda of the Imperial Economic Conference, and I wish to announce that in deference to the wishes of the Dominions it has been agreed that the words "Empire produce" and "Foreign produce" should be used in the Bill instead of "Imported produce" in order to distinguish between articles coming from the Dominions and articles coming from foreign countries. It has also been decided to insert in the Bill a general provision as to indication of origin applying to all the cases falling within the scope of the Bill. This general indication would be either an indication (whether by means of a direct statement or some recognized mark) of the country in which the articles are produced, or a statement that the articles are Empire produce or foreign produce. This decision has already been communicated to the various Dominion Prime Ministers, and, as I believe it will meet the principal criticism of the Bill on the part of the Dominions, I presume it will not now be necessary to discuss this question at this Conference.

Mr. MASSEY: I would like to thank Sir Robert Sanders for the information he has given us with regard to what appears to me to be a very important matter. I will not discuss it now, but my object in bringing it up was that I wanted to give the consumers in this country the opportunity of discriminating—because they are just as patriotic as other people—between foreign produce, in which they have no interest, and produce and commodities from within the Empire—the goods of their own fellow citizens. I think I know what most of them will do.

The CHAIRMAN: We are all very grateful to you for bringing it up, in the interests of all the Dominions as well as of your own.

SOUTH AFRICA AGREES WITH FINDINGS OF FOOD AND MATERIALS COMMITTEE

Mr. BURTON: I agree entirely with the finding of the Committee on Food and Materials. Mr. Bruce has said that the Committee could not possibly have had time to examine the matter fully. I do not see how any fuller examination could have led them to a different result. I am glad to hear that he disclaims responsibility himself for these proposals.

SOUTH AFRICA'S EXPERIENCES OF TRADE CONTROLS

We have had plenty of experience of these attempts to put matters right by subsidies and restrictions and control and licences and things of that sort, and I am perfectly certain that no solution of our difficulties is to be found along those lines. In South Africa we had quite a recent experience in regard to the control of imports of boots and shoes. It was a most highly unsatisfactory proceeding from beginning to end, but I am glad to say we have given it up now and meet our difficulties there by the imposition of a tariff.

PROTECTION BY TARIFFS THE ONLY REAL SOLUTION

I am inclined to think that there really is no alternative to protection by tariffs, if we except these arrangements being made amongst ourselves now by way of helping on trade. But Mr. Bruce seems to think that if these proposals were turned down—and I think it was inevitable that they should be turned down—there may be some other way of doing it. What other way of doing it is there? The tariff idea I understand, but the other thing I confess I do not understand. However, I entirely agree with the findings of that Committee, and, as I say, I do not see how they could have come to any other conclusion.

THE SOUTH AFRICAN POSITION: NO INTERFERENCE WITH BRITISH FISCAL AUTONOMY

Now, Mr. Chairman, I just want to say with regard to Preference generally, that my attitude on behalf of South Africa remains what it was at first. We welcome what you propose to do in respect of the matter you have mentioned. As to going any further, the principle of reciprocity, as I told you, was advocated in South Africa many years ago, and is perfectly sound in itself. But while we welcome what you propose to do, we do stand upon this basis, that we claim the right in our Dominion to settle our own fiscal policy, and therefore we do not claim any right, whether by actual motion or even by "methods of education," to interfere with the right of the British people here to settle their own fiscal policy for themselves. That is our position in broad outline.

APPRECIATION OF GREAT BRITAIN'S FURTHER PREFERENCE PROPOSAL

Now, as to the details of your statement to-day, Mr. Chairman, I am very glad to hear your proposals with regard to fresh apples. That, I think, will be of material assistance to South Africa, where both in the Transvaal, and in certain parts of the Cape Province, there is a great deal of apple-growing going on, and which can undoubtedly be extended considerably. This proposed preference of your will mean about 2s. 6d. preference on a bushel, I think, and it should go a long way to assist the South African producer to pay his freight and enable him to compete in respect of this article in your markets. That is quite a good thing from our point of view. I welcome also the proposal with regard to fruit juices and honey. The honey may be a comparatively small matter now, but is capable of being expanded. With regard to wine, I shall have something to say about that to-morrow.

Now, I just want to mention one further point. Mr. Bruce expresses appreciation of the proposals you make of your volition. I am afraid, Mr. Chairman, that that attributes to us in the Dominions a shy modesty and backwardness that we are not exactly entitled to—I am afraid not even Australia and New Zealand. In view of the speeches we have heard to-day we cannot make that claim. As a matter of fact we have brought representations to the notice of your Government in various matters, and what I want to say is once

more to express our appreciation of the fair and liberal way in which you have met the representations that have been made.

APPEAL FOR PREFERENCE ON CANNED CRAY FISH

There is one point of detail, and that is canned salmon. I have nothing to say against that. On the contrary, I welcome it, but may I point out to you that, whereas in South Africa we do not can salmon, we do carry on a very large and increasing business in the canning of cray fish. I think, last year, if I am not mistaken we exported about a quarter of a million pounds' worth of this commodity. It used to be more appreciated in France than here, but now the market is shifting and there is a good deal of it coming here. If excellent salmon from Canada and elsewhere are entitled to have this preference, it seems only fair that preserved cray fish from South Africa should be included in the same category.

PRINCIPLES ON WHICH PROPOSED PREFERENCES BASED

THE CHAIRMAN: Let me take that point up with you now. I have gone into that. The tests we were inclined to lay down for ourselves in considering any of these propositions were: (1) Is there a reasonable chance of the Dominions being able to provide a large volume of trade? (2) Is it a trade which they have not already exclusively enjoyed? Because, obviously, if there is no risk of competition a duty would merely put up the price. Conversely, if they are doing the whole trade at present, and there are not competitors, we should only put up the price by putting on a duty.

QUESTION OF PREFERENCE ON CRAY FISH WILL BE CONSIDERED

Cray fish I certainly will consider. They come under "Other sorts of fish, including shellfish," as we described them. There you do about 33,000 cwts., while the foreign countries do about 41,000. You have not put the case forward. I rather anticipated you would.

Mr. BURTON: Yes, I am doing it now.

The CHAIRMAN: I will take it now.

Mr. BURTON: As long as you see that it seems a fair thing, and as you say that cray fish shall come in too, I think that is all I have to say for the present.

MR. RIORDAN: The position we are in is rather a happy one; we have no grievance to ventilate in regard to this matter. I think I am right in saying that already inter-trade between Ireland and Great Britain is greater than that between Great Britain and any other Dominion; this, of course, is due to our proximity. There seems every prospect that trade between the two countries will increase as time goes on.

The items upon which you propose recommending further preference are in most cases items which do not interest us. The question of raw apples opens up the possibility of an extension of that trade. Honey is another item which may interest us to a certain extent, but not the others you have mentioned, with the possible exception of wine—I do not know whether or not you propose referring to the "wine" of my country to-morrow. At any rate, I shall wait until then for your disclosures on this point.

QUESTION OF FROZEN SALMON AND CANNED LOBSTER

Sir PATRICK MCGRATH: I have merely to add a word of thanks on behalf of Newfoundland for the inclusion in the list of articles under preference of canned salmon, which is about the only product we export, of those so listed,

that is affected. I would suggest though, that consideration might be given to the item of frozen salmon—fresh salmon and salmon in the chilled state—of which we export some. Canada, I think, also exports some, and there is competition from Norway and Sweden. I had intended raising the question of canned lobsters, suggested by Mr. Burton, because there was a competing industry from the State of Maine in the United States as against canned lobsters from Canada and Newfoundland. But if the figures show there are no competing exports to the United Kingdom now, it is not necessary to press that point.

The CHAIRMAN: I think there really is not, because, if I take 1922, the total imports from all foreign sources were 1,560 cwt., while the Empire importations were 35,577 cwt.

Sir PATRICK MCGRATH: Largely from Canada, Newfoundland and South Africa?

The CHAIRMAN: From Canada and Newfoundland, yes.

Sir PATRICK MCGRATH: May I make one suggestion, that in the phrasing of the provision with regard to shellfish it might be so worded that the question will not arise which those familiar with international problems of fifteen or twenty years ago will recall, when Newfoundland had a very important dispute with France, running for nearly two centuries, an aspect of which was whether the lobster was a fish or not. It was ultimately settled by an exchange of territory in West Africa and by buying out the French fishermen on the coast of Newfoundland by a payment of £250,000 from the British Treasury.

NEWFOUNDLAND EXPERIMENTS IN TRADE CONTROL

With regard to the larger question, I wish to express my sympathy with the view and the argument put forward by Mr. Bruce on behalf of Australia, but I do not think the remedies lie along the line he suggests. Like Australia, we produce a perishable foodstuff in the form of dried cod fish, and at times we have a situation such as confronts Australia at the present time with regard to her beef.

We, too, have tried some of the experiments suggested in his speech at the opening of the Conference. We have tried the question of stabilization, and we have tried to regulate the market, not by import but by export licences. We tackled both of those problems during the past couple of years with disastrous results, both to the state and to the business people concerned.

In an endeavour to stabilize the price of cod fish, the Government set aside half a million dollars for the purchase of cod fish on Government account and put the business in the hands of three or four firms of good standing. But despite that, the result was very disastrous. The return to the Colony did not exceed 20 cents in the dollar.

We also tried a scheme of export license, and attempted to control the export of the product from our own country by stipulating that nobody should be allowed to export cod fish unless he undertook to sell the cargo of fish in foreign markets at a price not less than that fixed by the Government through a Board of Control. The result of a year's experimentation along these lines was that several of the people concerned in the export of cod fish went bankrupt. I know traders who, in the fall of 1919, could write a cheque for hundreds of thousands of dollars, but who two years later had failed and could not pay 10 cents in the dollar.

I do not mean to argue that that entire result came from this scheme of Government control, because we were due for a setback like the rest of the world, but many think it contributed very largely to it. Not alone did we lose the sale

at a profit of much of the current season's catch of cod fish, but we ran the risk of losing some of our markets altogether, because our competitors invaded them, undersold us, and strengthened their own position while ours was weakened.

I might simply add that, like Mr. Innes in India, I was Food Controller in Newfoundland during the war, and the result of my experience and observation was to convince me that the less any Government has to do with the marketing of food products, or interference in general industry, the better for the country concerned.

The discussion was resumed at the Twenty-first Meeting, held on the afternoon of the same day (the 7th November, 1923), as follows:—

ATTITUDE OF INDIA TOWARDS PREFERENCE NEGOTIATIONS

Mr. Innes: I have very little to say, Sir, upon the proposals for increasing and extending the existing preference. I should just like to explain that we made no representations to His Majesty's Government in regard to these proposals and that we have taken no part in the negotiations which have been going on with His Majesty's Government since these proposals were last discussed in the open Conference. That was not due to any modesty on our part it was merely our own self-respect. India, as I have already explained, under her existing system of revenue duties, grants no favours to anyone, and in consequence we are not in a position to ask for any favours. But since there are crumbs falling from the rich man's table I am glad some have fallen our way.

INDIA GRATEFUL FOR INCREASED PREFERENCE ON TOBACCO

I was particularly interested in the announcement made that the preference on tobacco was to be increased to one-fourth. Since the war we have built up quite a large trade with the United Kingdom in unmanufactured tobacco and I hope that that trade will be further stimulated and increased by this increased preference. I should like to repeat what I said before, namely, that we are grateful to His Majesty's Government for these concessions which they have shown to India without asking for any return on India's part and I do hope that when the time comes for India to consider the question of preference, India will not be unmindful of the benefits she has received not only from His Majesty's Government, but also from New Zealand and Canada.

INDIA ENDORSES REPORT OF FOOD AND MATERIALS COMMITTEE

I now turn to the Report of the Committee on Food and Materials. I was a member of that Committee and, naturally, I subscribe to every word of the Report. I heard the Prime Minister of Australia suggest that, in the time allotted to it, it was not possible for the Committee to give that exhaustive consideration to those proposals which they required. It is quite true that we were not able to devote very many days to the consideration of the proposals. At the same time some of the members of the Committee were men who had had actual experience of the working of schemes similar to those suggested by the Prime Minister of Australia, and, speaking for myself, as one of those who has had this actual experience, I may say that I do not think it would have made any difference if we had sat for a month on these proposals instead of for three days. It is perfectly true that my experience, and the experience of Sir Patrick McGrath, was experience gained in war conditions, but my experience gained during the war was merely reinforced convictions which I have always held. Statesmen may be very wise. They are nearly always assisted by the best brains they can get in the country in the shape of their permanent Civil

Service. At the same time international trade is so vast and so complicated that my own conviction is that the less statesmen and Governments interfere, by way of prohibitions and restrictions, in international trade the better for everybody concerned. I am particularly glad that this Committee's Report endorses the resolutions already passed by the very important Genoa Conference, and I hope that this Conference will also endorse those conclusions.

MR. BRUCE'S GENERAL RESOLUTION ON PREFERENCE

I should have liked more time to consider the general resolutions which have been moved by the Prime Minister of Australia. In particular I have not been able to consult my leader, the Secretary of State for India, as regards these two resolutions. I notice that they make a special point of the fact that the policy of Imperial Preference was accepted in 1917 by all the Governments represented at the Imperial Conference. India was represented at the Imperial Conference of 1917, but there have been very rapid changes in India since 1917, constitutional and otherwise.

INDIA CANNOT BE COMMITTED TO PRINCIPLE OF IMPERIAL PREFERENCE AT PRESENT:

When this question of Imperial Preference was last discussed in the open Conference, I explained the position which the Government of India was compelled to take, and I should like to say that, though I have not been able to consult the Secretary of State for India regarding these present resolutions, the Secretary of State entirely agreed and approved of all I said at that meeting. At the same time I think I must repeat what I said then, namely, that I cannot commit the Government of India at present to the principle of Imperial Preference. Hitherto we have had purely revenue duties and we have made no distinction, no discrimination, between any countries. I gave my reasons why I was very doubtful whether we could embark upon a general scheme or system of Imperial Preference. I suggested that a more hopeful line of advance might lie in the giving of a preference on selected items, but I pointed out that it would be very unwise to force that issue and I had to leave the matter there. I must re-emphasize those points.

BUT WILL NOT OPPOSE RESOLUTIONS

At the same time this resolution is drafted in quite general terms and if my position is clearly understood, then I do not see any reason why I should oppose this resolution in this Conference.

DOUBTS AS TO APPLICATION OF FIRST PART OF RESOLUTION TO INDIA

I should just like to say a word or two about the first part of the resolution. No doubt that statement may be true for the Empire as a whole, and for that reason I do not propose to offer any formal objection to it; but I cannot help feeling doubtful, if you take particular parts of the Empire, for instance, India, whether that statement is in fact correct. I hope I shall not be misunderstood. I am as anxious as anyone at this table for the development of inter-Imperial trade in every possible way, but we have got to look at facts as they are. I have already pointed out that of our export trade no less than 60 per cent goes to countries outside the Empire, and I must make this point clear. What is most important for India at the present time is that, if possible, Europe should stand upon her legs the whole of our prosperity depends upon that and I doubt very much, having regard to the character of our exports, whether anything can make up to us for the loss of our European markets.

India exports the sort of things which the whole world buys. She exports, particularly, jute and jute goods she exports hides and skins and materials of that kind.

Take our leather: we have already tried an experiment; we tried to get the Empire to take our hides by means of preference; we put an export duty of 15 per cent upon all hides and skins exported from India, and we gave a rebate of 10 per cent on all those hides and skins which were tanned inside the Empire. We did that deliberately with the idea of trying to get England and other parts of the Empire to take our hides, which had formerly gone to Germany. What was the result? This is an example of how hard it is, by tariffs and things of that kind, to divert trade from its beaten channel. Germany seems to be the only country in the world which can work up the Indian light hide. In spite of all we did, in 1922 England was hardly taking any of our hides and Germany was, as before, buying nearly all the lot. The result of that was that we merely injured our own export trade by this export duty and we did ourselves very little good by the preference we gave.

The same with shellac; the vast bulk of the shellac we export from India goes to the United States. Why? Because it is required for making gramophone records. For some reason or other that is an industry which apparently flourishes very much in the United States and has a huge market there. I doubt very much whether anything we could do could divert those exports of shellac from the United States to any other country. So, personally, I should be inclined to demur to the first paragraph of this resolution, if it were intended to apply to India alone, but it may be perfectly correct as a general statement for the Empire as a whole, and therefore it is not necessary for me to object to it.

I hope, sir, that my position is quite understood, and, in the sense that I have explained, I do not think there is any reason why I should stand out of this resolution.

DESIRABILITY OF STABILIZATION OF TOBACCO PREFERENCE

Mr. ORMSBY-GORE: I would like to say just one or two words; first, as to the further preferences which the British Government has outlined this morning. I am quite sure that the increase of preference to tobacco will stimulate the production of tobacco in countries like Rhodesia and Nyasaland. On the other hand, I am quite sure, from the documents I have seen and from those who represent the producers of tobacco in those countries, that while they naturally take the alternative which gives them the greater preference now, there will be from now on a demand for the stabilization of the preferences, because to build up a new industry of this kind in the face of the very well organized and established position of the United States of America, which sends, after all, more than (I think it is) nine-tenths of the tobacco required by Britain, is not very easy. The problems of quality and problems of grading are very difficult when you have to carry them out on a small scale in a new country, and the one chance of building up a British tobacco industry in those Colonies where it can most suitably be grown is, as in the case of the sugar industry, to establish confidence in the minds of the planters and those who have to put in capital in the development of an industry of this kind. Experiments have to be made. I know it is not easy; and the one sort of stability that would be of value would be the general recognition of the whole body politic in Great Britain that the policy of Preference had come to stay. If only that could be established I am confident that you would get capital and you would get enterprise to go into an industry like the tobacco industry in Nyasaland and Rhodesia, but until time has proved that there is no going back on substantial and effective preferences such as the former, there may be slow development.

THE LIME JUICE CONCESSION

Now as to the other two things which the British Government concede, certainly the lime juice concession will be extraordinarily welcome to one island which is going through a particularly difficult time. The Island of Dominica, which produces far more lime than the whole of the rest of the world practically put together, is a very peculiar place. It is about the wettest place in the world, and also the steepest, and practically lime is its only economic product. It does produce quite the best lime in the world, and the industry that was formerly in Montserrat has been transferred to Dominica, and what is now called "Montserrat Lime Juice" is produced in Dominica. It is hit, at this moment, by the depreciated exchange of Italy and the production of citrate and citrous fruit in Sicily as never before, and I am confident that this little preference may mean new hope to the small British community that is endeavouring to conquer the very arduous forces of nature in that very peculiar island.

HONEY

Now, as to honey. Jamaica beats New Zealand at present, which stands second on the list, and the log-wood honey of Jamaica, I believe, last year stood first in the imports of honey into Great Britain from the rest of the Empire. That industry also is capable of expansion, and I sincerely hope that agriculture, which is considerably developing in the log-wood growing district in southwest Jamaica, will get a fillip and encouragement from the preference that is offered.

THE PROBLEM OF MARKETING INSTANCE OF CJCJA

Now let me come from the specific preferences to the general question which was raised by the Committee which went into Mr. Bruce's propositions, and the general discussion that has taken place on that this morning. I have been receiving in the last few weeks representations from the cocoa producers of West Africa and elsewhere with regard to the extraordinary disparity between the price of cocoa and the price to the consumer of chocolate in this country. It is the same story as, I think, Mr. Bruce instanced this morning of the 3½d. and the 9d., only in a very aggravated degree. I think it is a subject which, together with all these questions, should be examined by the Economic Committee as to what is the cause of this great disparity between the price to the consumer and the price to the producer.

HIGH RATE OF TAXATION RESPONSIBLE FOR HIGH PRICES TO CONSUMER IN BRITAIN

If I may say what I feel about it, and the answer which I give to my enquirers, I say this, that the main reason why there is a great disparity of price to the consumer in Great Britain and the amount given to the producer in the Dominions and the Colonies is the high rate of central and local taxation in Great Britain. The distributor, whether wholesale or retail, in this country has got to pay income tax and rates which are out of all proportion to what he used to have to pay before the war; and the whole of that direct taxation is taken out of the consumer, and always will be. It is not the result of any ring or any association or any agreement between the distributors in this country; it is what every shop-keeper and every distributor is doing up and down the length of the country. Where you have got a country which is burdened with a high rate of direct taxation, especially a tax like income tax, you necessarily get that reflected in the price to the consumer. I know case

after ease where the ordinary shop-keeper has to pay treble, quadruple even more than that—what he did before in taxation, local and central. He has got a restricted trade owing to the depression. How does he do it? By putting more on every article he sells. And it is high taxation, it does not matter what form it takes, you may call it the taxation of the rich, and it all falls on the consumer and is passed on. That is the main cause, to my mind, and one of the chief difficulties in the adequate development of the markets of Great Britain to-day the enormous burden of taxation which we have got to pay for the war, for the maintenance of our unemployed, for the payment of the American debt.

APPEAL FOR INCLUSION OF COLONIES IN PREFERENCES GRANTED BY DOMINIONS

Now may I say one word about Mr. Bruce's resolutions? I hope that those resolutions will include, in the consideration, not only of Great Britain, but of each Dominion, the Colonies and Protectorates. I hope that where he says "the development of the resources of the British Empire as a whole" it means "as a whole," and that where it is possible for the Dominions to give preference to Colonies and Protectorates in the early stages of their development, each Dominion will be able to feel that the Colonies and Protectorates are just as much their estate as they are the estate of Great Britain, and that they will share in their development. Whether it is Fiji, whether it is Mauritius, whether it is East Africa or West Africa, I hope that, as has been done already by Canada in the West Indies, the preferences which are given by one Dominion to another, and by the Dominions to Great Britain or *vice versa*, will be extended, as they are extended to-day by Great Britain, to the produce of the Colonies and Protectorates. I believe that we have in the coming century in the Colonies and Protectorates a market—I admit not as great a market immediately as the great White Dominions overseas but at any rate a steadily developing market, and that it would be in the interests of the Dominions as of Great Britain to get into those markets, to get the use of their special raw materials, and to develop trade with them. Inter-Imperial trade, and a further extension of the policy of Imperial Preference, will, I believe, include in an increasing degree the Colonies and Protectorates, just as I believe that in an increasing degree the Colonies and Protectorates will give preferences in return.

I cannot say more in specific detail than that, but as far as I can see the Colonies and Protectorates will be most ready to do all they can, subject, in the case of Tropical Africa, to the very serious limitation imposed by the Berlin-Congo Act and the subsequent International Treaties, to give full effect to the policy laid down in both resolutions.

In the course of further discussion of the draft resolution moved by Mr. Bruce, the Chairman said that he thought there was no doubt at all that the policy of Preference was going to be a permanent one. He said: I think it is inconceivable that in any part of the Empire the principle of Preference, established and acted upon as it has been, should not go forward. I also think, if I may say so in passing, that it is of great importance that where preference is given it should be given in respect of a genuine product of the part of the Empire which it is intended to benefit, that if it is a preference given by a Dominion it is intended to be given to benefit British undertakings and British work, and in the same way where British preference is given it is intended to benefit the workmen of the Dominion and the people who will put their capital in the Dominion to set up factories, and not merely to benefit an entrepôt of trade. I believe that is the general purpose of all of us in carrying out Preference.

Well, at this Conference, as it seems to me, we have gone further than we ever have before, and I think anybody who believes in the policy of Imperial Preference would indeed be a pessimist if he ventured to predict that what has been done as the result of this Conference is the end. I think there is great force in what has been put by Mr. Bruce and others, that people in all parts of the Empire want to know and to see what the possibilities are, what the facts are, and what results can be obtained if this policy is carried out much more extensively even than we are carrying it out as the immediate result of this Conference. At an earlier stage of this Conference I said that I thought it was our business to face the whole of this question perfectly frankly. Well, Mr. Graham has said: "We are not trying to dictate to you, but, of course, the things we are particularly interested in are wheat and so on." Mr. Bruce has said, frankly, that the position with him is largely dependent upon beef, and we recognized, when we went into the question of settlement and finance, and this was the common opinion of the Conference—that the extent of settlement must in the long run depend on the extent of the markets which, in turn, must depend on the extent of mutual trade within the Empire. If we have said that in the course of the Conference—and we on our side agree to it—I do not think we shall be embarrassed by any resolution which restates that fact. But people do want to know what the real position is, and unless they know what the real position is they cannot form a fair judgment.

I will take, specifically, the points put by Mr. Graham and Mr. Bruce. If people in this country are to form a final and considered opinion on whether or not they should have taxes upon basic food products, they would want quite definitely to know certain things; they would want to know whether, if such a policy were adopted, the Dominions could supply the requirements at a fair price; they would want to know what they would get in return. That is not a matter of a haggling bargain, it is something much bigger and yet much simpler than that; it means that they would want to know whether, if, on their side they adopted that policy, it would absorb our population and our products. As I say, that is certainly not a question of driving a bargain; it is merely saying what I think is the plain truth—that we have not finished with this matter, that it is a matter which will require much closer study, and that that closer study can only be given if, on both sides, we are able to state our difficulties frankly and are able to consider what would be the effect of any policy in one part of the Empire and in another.

AMENDED RESOLUTION SUGGESTED

In these circumstances, I think it is not only reasonable, but natural, that this Conference should pass a resolution which sets out our collective opinion as to the need of Imperial development and as to the value of preference in that development, and I can assure the Conference that if that is the sentiment, we should not feel it a matter of any embarrassment at all.

After some discussion, the Conference agreed upon a Resolution in the following terms:—

> "This Imperial Economic Conference, holding that, especially in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries, desires

to reaffirm the Resolution on the subject of Imperial Preference passed by the Imperial War Conference of 1917."*

The Conference also adopted the Report of the Food and Materials Committee, which is printed on page 244.

At the Twenty-second Meeting, held on the 8th November, 1923, the following discussion took place on the subject of the preference on Empire Wines: —

Colonel WALTER GUINNESS: I am very sorry it was not possible to take this when the Chancellor of the Exchequer was back, because he has given close attention to the matter and has been most anxious to meet the wine-producing industry of the Dominions to the utmost in his power, but I have heard this morning that he has now finally agreed to give the following preferences:—

WINES OVER 30°

In the case of wine of over 30° there will be an increased preference, bringing the total preference up to 66⅔. Up till now we have been giving 33⅓. At the present time the duty on non-Empire wines is 6s.; on Empire wines it is 4s., and in future it will be only 2s. That will be a preference of 66⅔ per cent. Those are wines over 30 degrees of proof spirit.

These wines, when imported in bottle, also pay a surtax of 1s., as against a surtax for non-Empire wines of 2s., and the combined effect of this 50 per cent preference on the surtax and the 66⅔ preference on the ordinary wine duty, in the case of these wines of over 30 degrees imported in bottle, will give a preference on the combined duties of 62½ per cent.

SPARKLING WINES

On sparkling wines negotiations have been progressing, and on the surtax it is proposed to give the Empire produce an increased preference from the present 30 per cent to 50 per cent. Here again there is the ordinary wine duty apart from the surtax. The ordinary wine duty gives a preference of 40 per cent, so in the case of sparkling wine the combined effect on the two duties will be a preference of just under 50 per cent. I am sure the Conference will realize that this is a far higher rate of preference than has been given in any other case where a customs duty is levied. The Chancellor has agreed to this rather new departure in the hope that it will help to develop this new wine industry in the various parts of the Empire which have made representations during the last fortnight.

CONCESSION WILL BENEFIT ONTARIO

Mr. GRAHAM: It might be a surprise to the Conference to know that in one of the prohibition provinces of Canada we manufacture wines to quite a large extent. Under the Ontario Temperance Act native wine is excluded from these provisions, and I am hoping that perhaps it will get some benefit under this proposal. It is really an Ontarian manufacture. In certain districts of Ontario

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* The resolution of 1917, which appears on p. 114 of Cd. 8566 (1917), is in the following terms:—

"The time has arrived when all possible encouragement should be given to the development of Imperial resources and especially to making the Empire independent of other countries in respect of food supplies, raw materials and essential industries. With these objects in view this Conference expresses itself in favour of—

"1. The principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire.

"2. Arrangements by which intending emigrants from the United Kingdom may be induced to settle in countries under the British flag."

wine of different grades of exceptionally good quality in every respect is produced. Although it may seem a little invidious that it is manufactured in a prohibition province, it is true, nevertheless. I will investigate this, as I said, and I hope it will be of some benefit to the wine-manufacturing industry in the province of Ontario.

CONCESSION OF CONSIDERABLE VALUE TO AUSTRALIA

Mr. Bruce: Well, Sir Philip, there is very little I want to say. We recognize the concession that has been given to us, and we are quite sure it will be of considerable value.

THE STANDARD OF PROOF STRENTH

There is, of course, one point that we have pressed very heavily upon your volition, but we have apparently not influenced the situation, and that is in regard to the difficulty that arises as to the degrees of proof strength. Having such a long journey to come as we have from Australia, and having to cross the equator, we have to fortify our wines rather more than they have to from nearer distances and cold countries, and that places us at a considerable disadvantage, because these countries can bring their wines in on the present basis with the 30° and get the lower duty, while owing to the fortification that we have to put into the wine we get over the 39° and have to pay the higher rate of duty. What we hoped to be able to achieve was that the standard should be varied, either by reducing it to 26°, which would prevent what is happening in regard to wines from near-by countries and cold climates, or else to lift it to 35°, which would enable ours to get in with the slight fortification we have to put in to get over our difficulty in regard to coming through the tropics.

The Chairman: May I interrupt for one moment? I rather think that that particular suggestion is precluded by treaty and therefore the only way in which you can be met on this point is by giving a larger preference on the more highly-fortified wines. To vary the scale of fortification is a thing which is impossible under the existing treaties.

Mr. Bruce: What is the period of the treaties, do you know?

The Chairman: Three years; a minimum of three years.

Mr. Bruce: I said in preface that I was not going to press the point, I was only going to raise it and point out the difficulty we find ourselves in, and express the hope that at any time it is possible to vary the basis from the 30° the case will be very fully considered. But apart from that, Sir Philip, I do not want to say anything else. There is another point that one would have liked to press for even a greater concession in one direction, but we recognize the embarrassment it would put in regard to your beer duty and so on, and for our part we are prepared to leave it where it is at the moment.

The Chairman: I think it ought to be of pretty substantial benefit.

Mr. Bruce: I think so; a very substantial benefit.

NEW ZEALAND LITTLE AFFECTED, BUT WELCOMES EXTENSION OF PREFERENCE

Mr. Massey: I have very little to say, Sir Philip. It is another extension of Preference and, of course, I approve of that, and though I do not think it will be of much benefit to my country, it will be of benefit to producers of wine in different parts of the Empire, and I am satisfied to let it go.

SOUTH AFRICA GRATEFUL FOR PROPOSED PREFERENCE

Mr. Burton: Mr. President, this is a matter, of course, of considerable importance to us in South Africa, and I should like to say at once what I have already communicated to the Chancellor of the Exchequer himself, that we appreciate very much what has been done, and it will be of very great assistance.

I can quite imagine that a good number of the wine-growing community in South Africa would probably have liked the preference to have been extended to light wines as well. I think the bulk of the wines sent here from South Africa at present are light wines, wines of a light type, but I do not think, in view of present circum-tances, we can press that, and I do not propose to do so. Sparkling wine, I am glad to say, is included. They are begining to make sparkling wine in South Africa, and no doubt this will be a stimulant.

THE NAME "PORT"

May I just mention one point, which I do not press, but which possibly you are aware of, and that is one of our great difficulties in South Africa—this bother about the name "port"? Our people make wine of the type of port wine; they may not print the name "port" on the bottles. They send it here, but they may not call it "port." I quite understand the position, but it is a substantial difficulty to them and I hope it may be adjusted at some future date.

TARIFF PREFERENCE

Summary of Proposals by His Majesty's Government

As regards Imperial Preference, under the United Kingdom Customs Tariff, to Empire goods, His Majesty's Government intimated that they intended to submit to Parliament the following proposals:—

DRIED FRUIT

At present dried *figs, raisins and plums* (includes apricots) are dutiable at the rate of 10s. 6d. per cwt., if from foreign countries and enjoy if of Empire origin a preference of one-sixth, *i.e.*, of 1s. 9d. per cwt.

It is proposed to admit these goods free of duty from the Empire so that Empire raisins, figs and plums will enjoy a preference of 10s. 6d. per cwt.

CURRANTS

At present dried *currants* are dutiable at the rate of 2s. per cwt. and enjoy a preference of one-sixth, which on the existing duty only amounts to 4d.

His Majesty's Government are prepared to offer free admission to Empire currants and to consider what increase in the duty on foreign currants may be necessary to make the preference effective, such increase to come into force at a future date to be agreed upon.

OTHER DRIED FRUIT

At present there is no duty on any *other dried fruit*, but whilst continuing to admit such Empire dried fruit free, His Majesty's Government would propose to impose a duty of 10s. 6s. per cwt. on such foreign dried fruit, (*e.g.*, apples pears and peaches) as the Dominion representatives may consider of interest to their trade.

OTHER PRESERVED FRUITS

Preserved fruits other than those mentioned above are not dutiable save in respect of sugar contents, if any. It is proposed in addition to any such duty on the sugar contents to impose an all-round duty of 5% per cwt. on the principal forms of preserved fruit not at present dutiable, except fruit pulp for jam manufacture, which will remain free of duty. All such fruit will be admitted free from the Empire.

SUGAR

At present sugar is dutiable according to a scale dependent on the polarization of the sugar with a basis rate of 25s. 8d. per cwt. on fully refined sugar.

Empire sugar enjoys a preference of one-sixth or 4s. 3½d. per cwt., being nearly a halfpenny a pound on refined sugar.

It is not possible at present to offer an increase in this preference, but His Majesty's Government are ready to guarantee that if the duty is reduced the preference shall for a period of ten years not fall with it, but be maintained at its present rate of nearly ½d. per pound so long at least as the duty on foreign sugar does not fall below that level.

TOBACCO

At present the duty on tobacco varies according to kind, being of course higher on cigars than on manufactured tobaccos. On the latter it is about 8s. 2d. per lb., on which the Empire enjoys a preference of one-sixth or, say, on raw tobacco of 1s. 4d.

His Majesty's Government would be prepared to adopt the course proposed in regard to sugar, *i.e.*, to stabilize the existing preference for a term of years or alternatively they are prepared to increase the preference to one-quarter, *i.e.*, to about 2s. on unmanufactured tobacco at present rates, the amount of the preference of course varying as the basis varies.

As a result of consultation with the oversea representatives concerned, it has been decided to adopt the second alternative, *i.e.*, to raise the preference from one-sixth to one-quarter.

WINE

The proposals are:—

1. To double the existing preference of 2s. per gallon on the duty of 6s. per gallon on wines of a strength exceeding 30° and not exceeding 42°. The rate of duty on such wines coming from the Empire would thus become 2s. per gallon.

2. To increase from 30 per cent to 50 per cent the preference on the surtax of 12s. 6d. per gallon on Sparkling Wine.

RAW APPLES

It is proposed to levy a duty of 5s. per cwt. on Raw Apples of foreign origin and to admit Raw Apples from the Empire free of duty as at present

CANNED SALMON AND CANNED LOBSTER, CRAY FISH AND CRABS

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign Canned Salmon and Canned Lobster, Cray Fish and Crabs, and that these goods shall be admitted free of duty from the Empire.

HONEY

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign honey, and that Honey of Empire origin shall continue to be admitted free of duty.

LIME, LEMON AND OTHER FRUIT JUICES

The proposal of His Majesty's Government is that a duty at the rate of 6d. per gallon shall be imposed on foreign Lime and Lemon Juices and His Majesty's Government would consider a list of other Fruit Juices which the Dominions regarded as of interest to their trade. The same duty would fall on Fruit Syrups and would be exclusive of the duty on the sugar content of such

syrups. Fruit Juices from the Empire will continue to be admitted free of duty.

FOOD AND MATERIALS COMMITTEE

The Committee was constituted as follows:—

The Right Hon. Sir Philip Lloyd-Greame, K.B.E., M.C., M.P., President of the Board of Trade;

The Right Hon. Sir Robert A. Sanders, Bt., M.P., Minister of Agriculture and Fisheries;

Lieut.-Colonel the Hon. Walter Guinness, D.S.O., T.D., M.P., Financial Secretary to the Treasury;

Dr. J. H. Grisdale, Deputy Minister of Agriculture, Canada;

The Hon. Duncan Marshall, Commissioner of Agriculture, Canada;

Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

Sir Ernest Chappell, C.B.E., Union of South Africa;

Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;

Prof. T. A. Smiddy, Irish Free State;

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by the Hon. Sir Patrick T. McGrath, K.B.E., M.L.C., and Capt. V. Gordon, Acting High Commissioner, Newfoundland);

Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor General's Council for Commerce and Railways, India;

Mr. L. R. Lumley, M.P., Colonies and Protectorates.

Mr. R. J. Shackle, Board of Trade, and Major R. McK. Oakley, C.B.E., Comptroller General of Customs, Commonwealth of Australia, acted as joint secretaries to the Committee.

REPORT

The terms of reference to the Committee were:—

"To consider and report to the Imperial Economic Conference on the practicability of certain methods, suggested for examination by the Prime Minister of the Commonwealth of Australia, for assisting the marketing of food-stuffs and agricultural raw materials originating in the British Empire, namely:—

"(*a*) The method of Subsidies.

"(*b*) The method of Import Licences.

"(*c*) The method of Stabilisation of Prices."

The Committee has approached this question with a full realisation of the importance of developing and encouraging the production of food supplies within the Empire, and with the desire to support any practical proposals which can be devised with that object. The Committee have, therefore, given the most careful consideration to the three schemes enumerated in their terms of reference in the light of experience of control in Great Britain, the Dominions and India, and having regard both to the present economic position and to the general questions of Imperial trade and development which the Conference is seeking to solve.

I.—METHOD OF SUBSIDIES

The Committee consider that any scheme of direct subsidy by the Home Government to producers in the Dominions is impracticable. If a subsidy is to be given by a Government to a class of producers, it is inevitable that the subsidising Government should retain the right to exercise a large measure of supervision and direction over the recipients of the subsidy. This is in fact a condition upon which any Parliament would require to be satisfied before assenting to a subsidy. But it would obviously be not only highly inconvenient, but practically impossible for one Government to attempt to exercise this power within the jurisdiction of another Government.

Apart from these general objections, the particular proposal that such subsidies should vary in accordance with the preferential rebates accorded by each Dominion to United Kingdom produces would seem impracticable, since—

(*a*) It is impossible to arrive at any accurate measure of the money value of the preference to the British trader, as such value must vary in every case in proportion to the severity of the foreign competition.

(*b*) Moreover, in order to make any scheme of subsidies effective, the amount of the subsidies would have to be constant.

(*c*) Incidentally, the effect of this proposal would be that, while the direct financial benefit of the preference given by the Dominion in each case would accrue to individual traders, the corresponding subsidy would be paid by the Home Government at the expense of the general taxpayer. On the other hand, even if it were practicable to tax the value of the preference in the hands of the trader who benefits by it, this would simply be to reverse the effect of the preference.

(*d*) Such a differential subsidy might operate very unfairly in cases where the same preference is given by two Dominions, but where the volume of British exports differs. It is submitted that it would be inequitable to treat differently two Dominions who accord the same advantage to the Mother Country.

In addition to the above considerations, which, in the opinion of the Committee, show that the administrative difficulties render the proposal impracticable, the Committee are convinced that, were the scheme once adopted in principle, it would be difficult to put a limit to its extension, and it would become almost impossible to avoid budget burdens on a scale too heavy to be contemplated.

II.—IMPORT LICENSES, AND III—PURCHASE BOARD (STABILISATION OF PRICES)

The Committee are of opinion that a system of Prohibition and Licences would involve the establishment of a State Purchase Board and Price Control, and they are confirmed in their view by experience of control not only in Great Britain, but also in Canada, South Africa and India. Reasons for this opinion will appear later (see paragraph 6 (*a*) and (*b*) below).

But, in any case, the Committee cannot recommend the adoption of a system of Prohibition and Licences for the following reasons:—

1. The system, whatever its purpose, is one to be avoided if any other is practicable, and only to be resorted to where no other can avail. The Genoa Conference, on the advice of the British Empire Delegations, adopted a resolution (Articles 6, 7 and 8 of the Report of the Economic Commission, Cd. 1667) declaring that "These measures [*i.e.*, import or export prohibitions or restrictions] constitute at the present time one of the gravest obstacles to international trade.

"In consequence, it is desirable that no effort should be spared to reduce them as soon as possible to the smallest number."

The reasons which weighed with the Genoa Conference when they adopted this resolution were generally identical with those set out in the following paragraphs, and they seem to apply with equal force to-day.

2. The operation of the system would produce a paralysing uncertainty in trade from the point of view of the producer, subject to the system of Prohibition. To take the particular case of meat, there would be difficulty in deciding not only how much he should kill, but also at what size he should maintain his herds, and he would probably find further difficulty in negotiating with shipping companies for freights, for the disposal of tonnage would be equally affected by the uncertainty.

Nor would there be only a risk of producers ceasing to produce, if they were liable to be excluded from the market; the importers, who would be directly subject to control, and whose interests would be injured by it, could never be relied on to deliver supplies promptly on the issue of a licence, if they thought they could profit by producing artificial shortages.

It would be impossible, in short, to count on obtaining, at the moment when they were needed, either the precise amount of supplies or the necessary means of shipment.

It is to be noted that this aspect of the licensing system formed, in the view of the Genoa Conference, the gravest indictment against it.

3. It would be most difficult, even with the best will, to adminster the system fairly as between various foreign sources of supply and various importers. Constant complaints would be made by applicants who had been refused a licence, alleging that licences had been granted to their competitors in cases like their own. So long as there was more than one importer to be dealt with, the necessity would arise of making an allocation between them, and this difficulty would ultimately, if the policy were persisted in, involve the formation of a single importing agency.

4. The effect of a licensing system, as of an import duty sufficiently high to produce an equally exclusive effect, is to give an enhanced value to goods admitted to the country; but there is the fundamental difference that the import duty is paid to the Exchequer, while under the system of Licences the corresponding sum accrues to the profit of the foreign producer and/or importer of foreign produce.

5 Moreover, a grave objection to the proposal for Licensing lies in the fact that the duty thrown on the licensing authority would be too invidious to be borne.

It would have to grant licences in two events—

(i) If Empire supplies were inadequate.

(ii) If prices were raised unduly.

In this connection the following points should be noted:—

(*a*) The extreme difficulty of assessing accurately the supplies that are likely to be forthcoming, and therefore, the additional supplies to be admitted from foreign sources.

(*b*) The further difficulty, in the case of meat, of deciding whether chilled meat is to be excluded if alternative supplies of frozen meat are available. A gradual replacement of chilled meat by frozen would not provide a solution of this dilemma.

(*c*) The licensing authority would be placed in an impossible position, in which it would be assailed by consumers for refusing licences, and by Home and Dominion producers for granting them: the maximum of friction would result, and the whole scheme of Imperial development would be liable to be prejudiced.

(*d*) Difficulty would arise, from the point of view of price, in determining what amounts of produce should be admitted, and at what price-level

the market was to be stabilised. If the quantities admitted were sufficient to make the world price effective on the Home market, no benefit would inure to Empire producers; if not, the Empire price would govern the price of the relatively small proportion of foreign supplies.

6. *State Purchase.*—As previously mentioned, the Committee consider that the proposal for Import Licences (and indeed any system of Prohibition) would involve a State Purchase Board and Price Control, inasmuch as—

(a) The State could not risk finding itself short of supplies, and would, therefore, be compelled to maintain stocks in reserve, at heavy expense and with considerable risk of incurring losses.

(b) Control by limitation of imports would create an irresistible demand for Price Control. It has been suggested that consumers might be represented on the controlling authority. If so, experience goes to show that Price Control would be one of their first demands, and the setting up of cumbrous and expensive machinery would become necessary.

The Purchasing Scheme is tantamount to Prohibition, coupled with an equivalent to Import Licences. But State Purchase is open to many of the objections enumerated above, and in addition to the following:—

War-time experience has demonstrated that, under control, it is impracticable to let quality govern price, since the variety in quality is too great for the controlling authority to be able to take accurate account of it. Thus, in the case of meat control in Great Britain, it was not found possible to differentiate in price according to varying quality for the same cuts of meat.

Control is also costly, in that experience shows that the profit margins fixed must be governed by the least efficient elements in the controlled trade. Present day margins (in so far as they are excessive) are in no small measure a relic of the wide margins which it was in this way found necessary to establish under control.

Nor is it feasible to confine price control to any one stage. Once applied, it becomes necessary to extend it to all stages. Indeed ultimately the State might find itself involved not only in control, but in the necessity of taking over every phase of the business of marketing. And, having done so, it would probably find that margins had increased rather than diminished in consequence.

While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interest of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer.

The Committee, therefore, strongly recommend the closest co-operation, alike between Dominion Governments and the Home Government, and between Dominion producers' organisations and Home organisations, in concerting and carrying out any action which is possible for improving the marketing of Empire agricultural produce, including the provision of further statistical information.

Signed on behalf of the Committee,

(Signed) P. LLOYD-GREAME, *Chairman.*

October 25, 1923.

SESSIONAL PAPER No. 36

IMPERIAL PREFERENCE IN PUBLIC CONTRACTS

The discussion of this subject was begun at the Sixth Meeting, held on Wednesday, the 10th October, 1923.

EXISTING PRACTICE OF BRITISH GOVERNMENT

The CHANCELLOR OF THE EXCHEQUER, in opening the discussion, observed that while Imperial Preference included preference to the home supplier, and while, so far as the requirements of the public Departments were concerned, they were to a large extent met by manufacturers and producers in this country, the broad principle which His Majesty's Government had adopted was that in public contracts an effective preference should be given to goods produced within the Empire as compared with foreign goods. Early in 1919, following on a discussion in the Imperial War Cabinet, a circular instruction had been issued to all Government Departments, and this had been followed ever since.

NO FIXED PERCENTAGE OF PREFERENCE

Recently, however, a close investigation has been made in an endeavour to find out whether it would be possible to agree upon a uniform policy for all Departments, and in particular whether there should be laid down a fixed or a minimum percentage of preference. The conclusion had been come to that it was not desirable to fix any definite percentage, or any maximum, nor was it desirable to make any public announcement of the particular preferences given. Of course, for more than one reason it was necessary to retain power to suspend the preference if faced with certain circumstances.

DIFFICULTY OF STIPULATING FOR EMPIRE RAW MATERIALS

A further point to consider was whether the preference should be extended to raw materials used in the manufacture of goods required by a Department, but experience had shown that it was impracticable to lay down an invariable rule, since the exact origin of such materials was often impossible to trace. Nevertheless, administratively it is possible to ensure to a very large extent that the raw materials are Empire raw materials.

It had been suggested on behalf of the Colonies and Protectorates, that that tenders should be called for "duty paid" where a preference is given, so that the benefit of the preference should be secured in all cases. That substantially is the practice of the British Government. The Chancellor gave instances to show that if there had been any exceptions they were practically negligible in quantity.

PRACTICE OF COLONIES AND PROTECTORATES

Mr. ORMSBY-GORE said he had not much to add, but he would like to take up the point raised by the Chancellor of the Exchequer about the difficulty of tracing back to their raw material sources the materials used in British contracts. He read the following letter, which he had received the week before from the Crown Agents for the Colonies, which was instructive as an example of the difficulties that had to be met:—

> "We recently had a case in which we placed an order for pumps with a firm of well-known English makers, but to our surprise we were afterwards told that the pumps were to be made in America by their American branch. This, I need not say, was not at all what we desired, and we are now adding to all our forms of engineering contracts the following phrases: 'In the case of stock materials not of British manufacture the place of

> origin must be stated when tendering. When it is proposed to manufacture the whole or any part of the work abroad the names and addresses of the proposed manufacturers, and a list of the parts proposed to be obtained from them, must be stated when tendering.' This formula is not suitable for ordinary store contracts, in which we are going to add: 'In the case of materials not of British manufacture the place of origin must be stated when tendering.'"

It that could be added to the contracts they would have knowledge on which to base possible future action. At present he was afraid that a certain number of contracts, given nominally to British firms, were made either of materials produced outside the Empire or were actually handed over by those British firms to branches or firms in alliance outside the Empire.

He outlined the practice of the Colonies and Protectorates, as it might serve as an encouragement to Great Britain and the Dominions to give them reciprocal treatment. Ever since the Colonial Conference of 1902 there had been an instruction to the Crown Agents for the Colonies, who worked under the Secretary of State for the Colonies and were the purchasing agents for Colonial Governments, to give effective preference to the products of the Empire over those of foreign countries. Their practice was to invite tenders from selected British firms only. Foreign firms were only asked to tender in very exceptional circumstances, *e.g.*, when some special article was required which was not produced at all in the Empire, or when it was necessary, as in the case of certain old telephone apparatus, that the parts required for renewal or expansion should correspond with the old apparatus already installed. The practice of the Crown Agents could stand examination. He gave the following example: The drug salvarsan was required for some of the Dependencies; a German firm made an offer to the Colonial Government of about half the price of the British article, but the Secretary of State had asked the Colonial Government to order their supplies of the drug from British manufacturers in spite of the difference in price. He felt that we had to develop, and if Governments, both State, provincial and local, set the example in this matter, private individuals might follow suit. He did not want to lay down a hard and fast rule, but at a time like this the public Departments throughout the Empire should do all they could in the wording and framing of their contracts to secure the use of Empire materials and Empire products.

COLONIAL CONTRACTS GIVEN TO DOMINIONS.

Mr. AMERY said that in recent years a habit of the Crown Agents had been not only to encourage Empire materials generally, but to encourage Empire finished manufactures. He gave several instances showing that the Administrations of the Colonies and Protectorates were anxious to help not only in the interests of the Mother Country, but the interests of every part of the Empire.

PREFERENCE IN ADMIRALTY CONTRACTS.

As regards the Admiralty, they gave a preference sufficiently substantial to eliminate, apart from oil, all but 1 per cent of foreign purchases. They had been able finally to transfer their last purchases of Argentine meat to Australia, and all meat for the Admiralty now comes from Empire sources.

CANADA'S VIEW.

Mr. GRAHAM said that he could readily understand the difficulty of laying down any fixed stated percentage of preference. There must be flexibility. The interests of the taxpayer, in the part of the Empire dealing with preference,

must be considered. It was essential, in his view, that the business men or those interested in every portion of the Empire should be given an opportunity to tender. He was strongly in favour of each part of the Empire (everything being equal) giving a preference to every other part.

WAR OFFICE MEAT CONTRACTS.

Lord DERBY said that the War Office fully intended to give every possible preference to Empire goods. He assured the Conference that they took the whole of their frozen meat from Australia and New Zealand, and with regard to preserved meat he quoted the opinion of a deputation from the Commonwealth of Australia that the War Office had given the Dominions every consideration in connection with a recent tendering for preserved meat, over which there had been a publicity campaign adverse to the War Office. He pointed out certain difficulties in the way of giving preference which would be removed if the Dominion High Commissioners were able to have a guaranteed list of firms, whom they could recommend as sure to carry out a contract, and on whose behalf they would be able to sign if they were not otherwise directly represented in this country.

PRINCIPLE ALREADY IN OPERATION IN AUSTRALIA, NEW ZEALAND AND SOUTH AFRICA

Senator WILSON said that the principle of preference in public contracts was already in operation in Australia, and that public bodies there gave preference at all times to goods produced within the Empire. Quite apart from the question of the legal aspect of the tariff, the sentimental value of the preference given by Australia to Great Britain was estimated to be in the vicinity of £2,000,000, and he, personally, thought that that figure was considerably underestimated.

Mr. MASSEY said that New Zealand had been working on the principle of preference in public contracts for a long time past.

Mr. BURTON found himself in substantial agreement with what had been said by the Chancellor of the Exchequer and by Mr. Graham. In South Africa preference had been given for some time past. He pointed out that on previous occasions this subject had been discussed and general agreement arrived at, but it had not been thought necessary to take any resolution; as they were all in agreement about the principle, it was really only a question of carrying it out. He thought it was unnecessary to pass a resolution, but would be glad to examine any proposal which might be submitted.

Mr. RIORDAN said that he did not desire to express any definite views in this subject; that a Fiscal Enquiry Committee had been appointed by his Government and was sitting at the present moment; that until the Committee referred to had concluded its investigations, and reported, and the Irish Free State Government had considered the report, the Irish representatives at the Conference must reserve judgment concerning questions of tariffs Imperial Preference, and matters such as these

Mr. WARREN also expressed himself in favour of the principle of preference, which was in accordance with the practice of Newfoundland.

DIFFICULTIES TO INDIA'S ACCEPTANCE OF RESOLUTION

Mr. INNES said that two distinct classes of cases were indicated. In one the raw material itself was the subject of a contract. That case did not cause much difficulty in India, as most of their raw materials required for such contracts were obtained in India. Still, there were difficulties, as instanced by the case of sugar. They could not grow all the sugar they required, and large quantities were imported from their nearest neighbour, Java. Owing to the geographical situation of India, expenditure on the army in India swallowed a very large portion of their revenue, and they had had to take very drastic

steps recently to reduce that expenditure. The army required large quantities of sugar, and the Government of India in such circumstances would not be justified in incurring increased expenditure by purchasing their imported sugar from within the Empire at a higher cost than Java sugar.

PROCEDURE FOR PURCHASE OF INDIAN GOVERNMENT STORES

That class of case, however, presented much less difficulty than the case in which the raw material involved was only an ingredient in a manufactured article. The Government of India were required by rule to buy their imported stores through their Store Department in London, which was under the control of the High Commissioner for India. Such purchase was on a very large scale, involving annually many millions of pounds, and they had had to lay down the rule that purchases must be made in accordance with strict business principles. In other words, the High Commissioner had to accept the lowest satisfactory tender; not necessarily the cheapest tender, for he had been given wide latitude to take into consideration such matters as ease of inspection, reliability and other matters of a similar character. Owing to the superiority of the British manufacture the practical result had been that between 90 and 95 per cent. of the value of purchases made through the High Commissioner during the past year had been expended in England on articles produced by British manufactures. As a result of the debate which took place recently in the House of Commons, the action taken by the Government of India in that matter had been endorsed by the House without a division.

There were, further, practical difficulties in the way of carrying out instructions to use only Empire materials in manufacture. They would find it very difficult to satisfy themselves, for instance, that only Empire-produced manganese had actually been used in a girder, or that linseed oil used in the manufacture of any particular paint had been produced within the Empire. The work of their Inspectors would be very seriously complicated by such instructions. Any resolution which they might wish to pass to that effect would be unworkable in practice.

He was quite prepared to consult the Government of India regarding the terms of any resolution that might be moved, but could not go further than that.

Earl Winterton wished only to add on behalf of India, that, in addition to purchasing in England the large proportion of her requirements in the shape of Government stores which had been indicated by Mr. Innes, she was on private account one of the best customers that Great Britain had.

RESOLUTION

The Conference decided to adjourn the discussion, so that a Resolution might be drafted which should give expression to the views of the Conference in regard to the principle of preference in Government Contracts, on the question of the materials used in carrying out contracts of Empire production, and on the question of those contracts which fall within the province of State, provincial and local authorities. The following Resolution was accordingly tabled at the Twenty-first Meeting, held on Wednesday, the 7th November, 1923, and adopted:—

> "1. That this Imperial Economic Conference reaffirms the principle that in all Government contracts effective preference be given to goods made and materials produced within the Empire except where undertakings entered into prior to this Conference preclude such a course or special circumstances render it undesirable or unnecessary.

"2. That so far as practicable, efforts be made to ensure that the materials used in carrying out contracts be of Empire production.

"3. That State, provincial and local government authorities should be encouraged to take note of the foregoing resolutions."

COMMERCIAL FACILITIES AND STATISTICS

A discussion on some aspects of these questions took place during the preliminary consideration of the work lying before the Conference at the Second Meeting, held on the 4th October, 1923.

CO-OPERATION IN RESPECT OF COMMERICAL INTELLIGENCE

With regard to commercial intelligence, the Conference had before them a memorandum on Co-operation between Home and Dominion Governments in respect of Commercial Intelligence, I.E.C. (23)—5 (see page 257). The Chairman pointed out that the Imperial War Conference in 1917 recommended that the services of His Majesty's Trade Commissioners should be placed at the disposal of the Governments of the Dominions and India. There had now been established a commercial diplomatic service in foreign countries, and attention had been paid to the development of the commercial side of the work of the Consular Service. It was now proposed that the services of commercial diplomatic officers, and of senior consular officers in certain countries where no commercial diplomatic officer is stationed, should be made available to the Governments of the Dominions and India in the same way and to the same extent as the services of the Trade Commissioners had already been made available. The principle His Majesty's Government had in mind was the principle of mutuality, and they hoped that the services of commercial representatives of the Dominions might in the same way be made available to British traders in areas where there was no commercial representative of the United Kingdom.

A tribute was paid by Mr. Massey to the British Trade Commissioner Service, and Mr. Innes said that the Government of India had asked him to take the opportunity of saying in open conference how very greatly they valued the facilities which had been placed at their disposal by the British Government. Mr. Ormsby-Gore paid acknowledgment on behalf of Jamaica to the services of the Canadian Trade Commissioner in Jamaica, and hoped that in future the whole service of commercial intelligence would be regarded not only from the point of view of the United Kingdom, but also of the Colonies and Protectorates. The Chairman also expressed appreciation of the services rendered by the Canadian Trade Commissioner Service to British traders and to the British Government.

APPOINTMENT OF COMMITTEES

The Chairman then touched on questions connected with commercial travellers' samples, trade catalogues and price lists, and the valuation of goods for Customs duty purposes. It was decided to refer all these matters to a Committee. With regard to Statistics, he said that what His Majesty's Government had in mind in putting statistics on the Draft Agenda was that everything ought to be done to produce whatever statistics were produced by the various Governments of the Empire in such a manner and in such a form as would be of practical utility to Imperial Trade. It was decided to refer this matter to a Committee whose terms of reference should be confined to trade statistics.

Resolutions were accordingly tabled and adopted at the Third Meeting of the Conference, held on the 5th October, 1923, in accordance with which a

Committee was appointed to consider and report to the Imperial Economic Conference on the following questions arising under paragraphs 4 (A) and (G) of the Draft Agenda, viz.:—

(i) Commercial Diplomatic and Consular Services,
(ii) Commercial Travellers' Samples,
(iii) Trade Catalogues,
(iv) Valuation of goods for Customs duty purposes, and other matters connected with Customs formalities.

It was decided that the same Committee be also instructed, in connection with paragraph 4 (B) of the Draft Agenda, viz., Statistics, to consider and report to the Imperial Economic Conference what steps can be taken in the light of the Report of the British Empire Statistical Conference, 1920,* and of subsequent experience, to improve the Trade Statistics published by His Majesty's Government in order to increase their value from the point of view of the development of inter-Imperial trade, and.

That it be left to the delegations concerned, should they so desire, to nominate additional members to the Committee for the purpose of this part of the terms of reference.

REPORTS OF COMMERCIAL FACILITIES COMMITTEES

This Committee (the Commercial Facilities Committee) presented three Reports. The First Report (see page 261), which contained four Resolutions dealing with commercial intelligence services, commercial travellers' samples, trade catalogues and price lists, and matters connected with Customs formalities, was discussed at the Fourteenth Meeting of the Conference, held on the 24th October, 1923. The Conference adopted all four Resolutions.

The Second and Third Reports of the Committee (see pages 264 and 281), dealing the one with Certificates of Valuation for Customs purposes and the other with Statistics, were tabled at the Seventeenth Meeting of the Conference held on Thursday, the 1st November, 1923. Resolutions V, VI and VII, recommended for adoption in the Second Report, and Resolution VIII (on Statistics), recommended for adoption in the Third Report, were adopted. In connection with Resolution VIII, the Conference reaffirmed the principle that the object of any work that was put in hand should be to make the trade statistics of the Empire as valuable as possible for trade.

CONCLUSIONS OF GENEVA CUSTOMS CONFERENCE SUPPORTED

The question of Customs formalities was again discussed at the Twenty-second meeting, held on Thursday, the 8th November, 1923. The Conference had before them a letter, dated the 5th November, from Sir H. Llewellyn Smith, British delegate at the International Conference on Customs formalities, convened by the League of Nations, for the simplification and improvement of Customs procedure, together with prints of the Convention and Final Act adopted by the International Conference. The letter reported that the International Conference had completed its labours, and that the Convention was adopted *nem. con.* by the votes of thirty-two out of thirty-five delegations (including all six delegations from the States of the British Empire), with two abstentions and one absentee. Some of the States voting for the Convention did not possess full power to sign at Geneva but the convention was signed on the 3rd November by the following twenty-one States (to which should be added Japan, whose signature was delayed at the last moment by the illness of the Japanese delegate):—British Empire, South Africa, France, Italy, Belgium, Germany, Austria, Spain, Portugal, Switzerland, Jugoslavia,

* See Cmd. 648/1920.

Greece, Finland, Egypt, Morocco, Tunis, China, Siam, Brazil, Chile and Uruguay. The letter further pointed out that the position of inter-Imperial trade and of the application of the Convention to oversea Colonies, &c., was fully safeguarded.

It was decided to adopt the following Resolution:—

"That the Conference should take note of the work accomplished by the recent League of Nations International Conference on Customs and other Similar Formalities (the 15th October to the 3rd November, 1923), and that the conclusions of that Conference should be recommended for favourable consideration to the various Empire Governments concerned."

MEMORANDUM BY HIS MAJESTY'S GOVERNMENT ON CO-OPERATION BETWEEN HOME AND DOMINION GOVERNMENTS IN RESPECT OF COMMERCIAL INTELLIGENCE (I.E.C. (23)—5).

In connection with the general question of closer co-operation between the various countries within the British Empire, consideration has been given to the possibility of extending the facilities for the supply of commercial information required by the Government of the Dominions and of India. The Commercial Intelligence Services overseas maintained by His Majesty's Government are the Trade Commissioner Services within the Empire and the Consular and Commercial Diplomatic Services in foreign countries.

The Trade Commissioner Service.

Occasion was taken at the Imperial War Conference of 1917 to call the attention of the representatives of the Dominions and India to the measures which were being adopted at that time to extend and strengthen the Trade Commissioner Service. As a result of a resolution passed by that Conference, the Governments of the Dominions and of India were invited to utilise the services of His Majesty's Trade Commissioners should they desire to do so. The present position is as follows:—

Canada.—The Canadian Government stated that for Canadian purposes use could be made advantageously of the services of His Majesty's Trade Commissioners in India and Ceylon, and also in the Straits Settlements when a Trade Commissioner for that territory should be appointed. In the other countries included in the Trade Commissioner scheme the Dominion of Canada already had its own Trade Commissioners, and, beyond establishing mutual goodwill and co-operation between them and His Majesty's Trade Commissioners in these centres, they considered that it would not be necessary to make demands upon the time of His Majesty's Trade Commissioners. In the countries named above in which Canada had no trade representative, and until such time as such representatives should be established, the Dominion Government accepted the offer of His Majesty's Government.

In September 1921, the Canadian Government appointed Trade Commissioners for India and the Straits Settlements, and have consequently now ceased to utilise the services of His Majesty's Trade Commissioners.

Australia.—The Government of the Commonwealth of Australia are also taking steps to establish a Trade Commissioner Service, and consequently have not found it necessary definitely to avail themselves of the offer of the services of His Majesty's Trade Commissioners.

New Zealand.—The Government of New Zealand have availed themselves of the services of the Trade Commissioners in Canada and in South Africa.

South Africa.—The Government of the Union of South Africa expressed their appreciation of the offer, and requested that Trade Commissioners should be asked to render any assistance possible when addressed direct by them.

Newfoundland.—The Newfoundland Government utilise the services of the Trade Commissioner at Montreal.

India.—The Government of India availed themselves of the services of the Trade Commissioners in all parts of the Empire, and still do so.

The duties of Trade Commissioners in the matter of co-operation with the Governments who utilise their services have been laid down as follows:—

(*a*) To reply to commercial enquiries which may be addressed to them by traders or by the Governments represented, and to suggest suitable local agents for producers or manufacturers in the part of the British Empire represented;
(*b*) To notify the Government represented of changes in the customs tariff or other regulations affecting its trade;
(*c*) To report any openings for trade or contracts open to tender which might interest producers or manufacturers in the part of the British Empire represented;
(*d*) To circulate or distribute in the area in which they are stationed official literature relating to the trade, agriculture and manufacture of the part of the British Empire represented; and
(*e*) Generally to watch over the trade interests of the part of the British Empire represented in the area in which they are stationed.

The Consular Service.

As the result of an arrangement made in 1912 with the Government of Canada and subsequently extended to the other Dominions, Dominion firms are at liberty to apply direct to any of His Majesty's Consuls for information as to the possibilities of sale of Dominion products, the method under which business is conducted and the best means of getting into touch with markets. Under the terms of the agreement, Dominion Trade Commissioners are also at liberty to apply to His Majesty's Consuls for advice and assistance.

The agreement did not, however, provide for Governors-General, Dominion Government Departments of High Commissioners communicating direct with Consular Officers. On one or two occasions when this point has been raised by a Dominion Government or a High Commissioner, attention has been called to the inconvenience which would be caused by direct applications from Dominion Governments or their official representatives in the United Kingdom addressed to Consular Officers for information on commercial and similar questions. It has been pointed out that—

(*a*) The desired information can in many cases be supplied by the Commercial Intelligence Branch of the Board of Trade (which branch is now merged in the Department of Overseas Trade) or by the Diplomatic Missions abroad, thus avoiding unnecessary demands on the time of the Consular Officers; and
(*b*) The Secretary of State for Foreign Affairs should, as far as possible, be in a position to know the amount of work which is being placed on individual Consular Officers.

It has, however, been made clear that no objection is seen to direct communication between a Dominion Government and Consular Officers outside Europe taking place on exceptional occasions when time was of importance and where a distinct saving of time would result from direct communication, though it has been requested that all communications with Consular Officers in Europe should as hitherto be carried on through the Secretary of State for the Colonies. In cases where it is merely a question of obtaining commercial information there is, of course, no objection to a High Commissioner bringing the matter directly to the attention of the Department of Overseas Trade.

SESSIONAL PAPER No. 36

Commercial Diplomatic Service.

The question of the Governments of the Dominions and India making use of the services of commercial diplomatic officers by means of direct correspondence was not raised, as in the case of the trade Commissioner Service, during the Conference of 1917, very largely because it was considered premature to do so whilst the Service was undergoing a process of complete reorganization, and whilst it was not yet possible to gauge with any accuracy the amount of work which would be thrown upon the newly-appointed officers. The reorganisation of the Service has, however, now been completed, and, in 1921-2 arrangements were made with the Government of Canada and later suggested to the other Dominion Governments under which Dominion firms and Trade Commissioners would be able to apply to Commercial Diplomatic Officers for similar assistance to that which they receive from Consular Officers.

It is still considered desirable that enquiries which the Governments of the Dominions and India or their official representatives in the United Kingdom wish to address to commercial diplomatic officers stationed in Europe should, in the first instance, be transmitted through the regular channels to the Department of Overseas Trade. Little or no delay will result from the maintenance of this procedure, and in many cases the supply of information required will, in fact be expedited owing to the information already being within the possession of the Department.

If, however, the Governments of the Dominions and of India think it would be of advantage to them, His Majesty's Government will be glad to make arrangements under which the services of commercial diplomatic officers outside Europe can be utilized by them in the same way and to the same extent as the services of His Majesty's Trade Commissioners are at their disposal. Similar arrangements could also be made in respect of Senior Consular Officers in extra-European countries where there are no commercial diplomatic officers if this is desired.

April, 1923.

COMMERCIAL FACILITIES COMMITTEE

The Committee was constituted as follows:—

Sir Sydney Chapman, K.C.B., C.B.E., Permanent Secretary, Board of Trade;

Sir W. H. Clark, K.C.S.I., C.M.G., Comptroller-General, Department of Overseas Trade;

Mr. C. J. T. B. Grylls, C.B.E., Board of Customs and Excise;

Mr. Harrison Watson, and Mr. R. H. Coats, B.A., F.S.S., Canada;

Major R. McK. Oakley, C.B.E., Comptroller-General of Customs, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

Mr. G. Owen Smith, I.S.O., Commissioner of Customs and Excise, Union of South Africa;

Mr. C. J. Flynn, Revenue Commissioner, Irish Free State;

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by The Hon. Sir P. McGrath, K.B.E., and Capt. V. Gordon, Acting High Commissioner for Newfoundland);

Mr. F. A. Lindsay, C.B.E., Indian Trade Commissioner in London;

Sir Gilbert Grindle, K.C.M.G. C.B., Assistant Under-Secretary of State for the Colonies;
Mr. A. J. Harding, O.B.E.;
Mr. L. R. Lumley, M.P.
} Colonies and Protectorates.

Mr. H. Broadley, Board of Trade, and Lieut.-Colonel J. Ried-Hyde, C.B.E., Dominion of Canada Delegation, acted as joint secretaries to the Committee.

FIRST REPORT

The Commercial Facilities Committee appointed by the Imperial Economic Conference at its meetings on Thursday, the 3rd October, and Friday, the 5th October, beg to make the following interim report. The following matters were referred to the Committee for consideration:—

(1) Commercial intelligence services;
(2) Commercial travellers' samples;
(3) Trade catalogues and price lists;
(4)—(*a*) Certificates of valuation for Customs purposes;
(*b*) Other matters connected with Customs formalities;
(5) Statistics.

With regard to items (4) (*a*) and (5) the Committee will be making a report shortly.

With regard to items (1) (2) (3) and (4) (*b*) the Committee have prepared the following Resolutions which they would suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference.

Resolution I

Commercial Intelligence Services

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference takes note of the offer of His Majesty's Government to place the services of His Majesty's Commercial Diplomatic Officers in foreign countries at the disposal of the Governments of the Dominions and India and of the Colonies and Protectorates in the same way and to the same extent as the services of His Majesty's Trade Commissioners within the Empire are already at their disposal. It notes that His Majesty's Government propose that as regards countries outside of Europe the Governments should utilise direct the services of Commercial Diplomatic Officers or of senior Consular Officers where no Commercial Diplomatic Officers have been appointed, but that communications which it is proposed to address to Commercial Diplomatic Officers in European countries should be transmitted in the first instance to the Department of Overseas Trade.

"The Conference, recognising the importance of all possible steps being taken to strengthen the mutual co-operation of the several parts of the Empire in matters of commercial intelligence with a view to the development of Empire trade, welcomes the arrangements proposed by His Majesty's Government.

"It also welcomes the offer of the Governments of the Dominions which have appointed Trade Commissioners in countries overseas to make a similar arrangement for the utilisation of those officers by Governments of other parts of the Empire.

"The Conference further recommends that, when two or more Governments of the Empire maintain commercial representatives in the same country, an endeavour should be made to arrange that the offices of these representatives should be in the same building or in close proximity, in order to facilitate all possible co-operation between such representatives in their work on behalf of Empire trade."

Resolution II

Commercial Travellers' Samples

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference proposes that articles liable to duty imported into any part of the British Empire as samples or specimens by commercial travellers representing manufacturers or traders established in any other part of the British Empire, should be temporarily admitted free of duty, subject to such persons complying with the laws and regulations and also the Customs formalities established to assure the re-exportation or deposit in bond of the articles or the payment of the prescribed Customs duties if not re-exported or deposited within the prescribed period. But the forgoing privilege should not extend to articles which, owing to their quantity or value, cannot be considered as samples, or which, owing to their nature, could not be indentified upon re-exportation.

"The marks, stamps, or seals placed upon such samples by the Customs authorities of any part of the Empire at the time of exportation and the officially attested list of such samples containing a full description thereof, including, in the case of goods liable to *ad valorem* duty, a statement of their value, should be accepted by the Customs officials of any other part of the Empire as establishing their character as samples and exempting them from inspection, except so far as may be necessary to establish that the samples produced are those enumerated in the list.

"The Customs authorities of that part of the Empire into which the samples are brought may, however, affix a supplementary mark to such samples or lists in special cases where they may think this precaution necessary.

"In cases where the regulations require the provisional payment of the duties or deposits for such samples on entry a receipt for such payment should be given and the duties or deposits should be reimbursed at any Custom-house at which the samples may be produced with a view to re-exportation."

Resolution III

Trade Catalogues and Price Lists

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference proposes that, where freer admission of catalogues and price lists is not provided for, single copies of trade catalogues and price lists of firms having an established place of business within the Empire, sent by post, or with consignments of goods, from any part of the British Empire, to business firms in any other part of the British Empire, should be admitted free of duty, provided that they are the trade catalogues or price lists of firms or persons having no established place of business in the territory to which they are sent."

Resolution IV

Matters connected with Customs Formalities

A number of matters relating to Customs formalities and procedure were brought to the notice of the Committee which they were given to understand were within the scope of the Customs Formalities Conference convened by the League of Nations, which will open at Geneva on the 15th October. As the several parts of the British Empire will be represented at the Geneva Conference, and as the programme which has been elaborated as a basis for its discussions has already been the subject of consultation among representatives of the various Governments of the Empire, the Committee came to the conclusion that it was unnecessary and undesirable to duplicate the work of the Geneva Conference by any detailed discussion of the same subjects at the Imperial Economic Conference.

They accordingly recommend that the Imperial Economic Conference should content itself with passing the following Resolution: —

> "The Conference has liad its attention called to the programme of the International Conference on Customs Formalities convened by the League of Nations, for the simplification and improvement of Customs procedure so as to reduce to a minimum its interference with the flow of commerce, which will open at Geneva on the 15th October. It desires to express its sense of the great importance to overseas trade of the matter dealt with therein, and its hope that as many of the Empire Governments as possible will find it practicable to participate in the league of Nations Conference."

Signed on behalf of the Committee

(Signed) S. J. CHAPMAN *(Chairman)*.

October 13, 1923.

SECOND REPORT

The Commercial Facilities Committee appointed by the Imperial Economic Conference at its Meetings on Thursday, the 3rd October, and Friday, the 5th October, beg to make the following Report. The following matters were referred to the Committee for consideration:—

1 Commercial Intelligence Services.

2 Commercial Travellers' Samples.

3 Trade Catalogues and Price Lists.

4—(*a*) Certificates of Valuation for Customs purposes.
(*b*) Other matters connected with Customs formalities.

5 Statistics.

The Committee have already submitted a Report, dated the 13th October, dealing with Items 1, 2, 3, and 4 (*b*); they hope to submit a further report very shortly dealing with Item 5—Statistics.

Certificates of Valuation for Customs Purposes

With regard to Item 4 (*a*), the Committee have prepared the following Resolutions (Nos. V, VI and VII—Resolutions Nos. I to IV, dealing with other matters, having been included in their First Report), which they suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference. To supplement these Resolutions they attach an explanatory memorandum setting out the position in regard to certificates of valuation for

Customs purposes as it existed at the close of the Imperial Customs Conference, 1921, together with particulars as to developments which have taken place since that date. Appended to this memorandum are copies of the invoices and certificates to be used—

(*a*) Where duty is levied on "current domestic value" or similar basis (Form A), and

(*b*) Where duty is levied on "invoice price" (Form B).

Resolution V.

Form A.

"A common form of invoice and certificate for use by exporters having been adopted by Australia, New Zealand, the Union of South Africa, and Newfoundland, as well as by a number of Colonies, the Conference strongly recommends, in the general interests of inter-Imperial trade, that the early adoption of an identical form may be sympathetically considered by all the other Governments throughout the Empire which levy duty on a system similar to that in force in the above-mentioned parts of the Empire.

"The Conference understands that legislation to give effect to the recommendations of the Imperial Customs Conference has already been passed in Australia and New Zealand, and they venture to urge the passing of similar legislation in every case in which such may prove to be necessary."

Resolution VI.

Form. B.

"The Conference has had before it a form of invoice and certificate which has been prepared as suitable for use in those parts of the Empire which levy duty on the invoice value of goods imported from other parts of the Empire, and require for this purpose a certified statement made by the exporter of the goods.

"The Conference strongly recommends, in the interests of inter-Imperial trade, the early adoption by all parts of the Empire which levy duty on the system in question of the form annexed to this Resolution" (*i.e.*, the invoice and certificate set out in Appendix II to the attached memorandum).

Resolution VII.

Certificate in Regard to Postal Packages.

"The attention of the Conference has been drawn to the short form of certificate prepared by the Imperial Customs Conference, 1921, for use as establishing the origin of goods sent by parcel post from the United Kingdom.

"It understands that this form has already been adopted by a number of the Dominions and Colonies, and considers that in the interests of inter-Imperial trade the adoption of a similar form is desirable in the case of parcels arriving in one part of the Empire from another part.

"The Conference therefore strongly recommends that, in the case of parcels sent by parcel post, the contents of which are of small value and are not merchandise for sale, the following short form of certificate should be adopted at an early date by all parts of the Empire concerned, as providing satisfactory evidence of the origin of the goods in cases where the production of such evidence entitles the goods to entry at a lower rate of duty than would otherwise obtain:—

"The contents of this package are not merchandise for sale, and every article herein, to the extent of at least one-fourth of its present value, is *bona fide* the produce or manufacture of

.....

(name of part of British Empire)

"Dated at..... this ..... day of .....19.....

".....Sender."

Signed on behalf of the Committee,

(Signed) S. J. CHAPMAN, *Chairman.*

October 22, 1923.

ANNEX

Valuation of Goods for Customs Duty Purposes

Empire Customs Certificates.

1. The main object of the Imperial Customs Conference (held in London in February and March 1921) was to prepare a uniform form of invoice and certificate of value and origin which could be used by exporters sending goods to any part of the Empire. An arrangement achieving this would, it was felt, be a very great saving of time and expense to exporters in that they would have to keep in stock only one set of such Customs documents instead of many different ones (which in many cases differed in quite unimportant respects). A uniform invoice and certificate was accordingly prepared by the Conference and published as an appendix to its Report. It was formally circulated to the Dominions, India, the Colonies, and Protectorates, and subject to four slight alterations, subsequently agreed to by the parties represented at the Conference, adopted by Australia, New Zealand, Newfoundland (subject to the proviso regarding the deletion of the portion of the certificate dealing with origin referred to in paragraph 4 below), Union of South Africa, Cyprus, Gold Coast, Fiji, British Guiana, and most of the West Indian Colonies.

Dominions which have not yet Adopted the Proposals of the Imperial Customs Conference

2. As indicated in paragraph 1 of this Memorandum all the Dominions with the exception of Canada and the Irish Free State have accepted the recommendations (as subsequently modified) of the Imperial Customs Conference. Canada, however, partly owing to existing legislation and partly to the special circumstances of her trading relations with other countries has not so far seen her way to fall into line with the other Dominions. With regard to the former objection, it might be added that the Governments of both Australia and New Zealand found it necessary to take legislative action to bring into force in their respective countries the recommendations of the Imperial Customs Conference. The Resolution which the Commercial Facilities Committee has prepared takes special cognizance of this fact in hope that the necessity of legislative action will not of itself be an insuperable difficulty in arriving at the much desired uniformity throughout the Empire in this matter. With regard to the latter objection (i.e., special circumstances of trade) it may be noted that although the

Certificate set out in Appendix I to this Memorandum might in certain respects supply more information than the Canadian Authorities would require for assessing Customs duties, the position would not in that respect be essentially different from that in the case of the other Dominions who have already adopted the invoice and certificate, as the object of a uniform in voice and certificate is to provide *all* the information which *any* of the Dominions require for assessing Customs duties in their territories.

At the time of the Imperial Customs Conference, the Irish Free State did not exist as a separate Dominion. Since its establishment it has continued the use of the same forms as are required by the United Kingdom and to collect duty on the same basis as is adopted in this country. At the present time, therefore, the Irish Free State does not levy duty on the "current domestic value" of goods, and the form of certificate and invoice prepared by the Imperial Customs Conference would obviously be unsuitable.

The case of India is similar to that of the Irish Free State and Great Britain in that no certified statement by the exporter of the goods is at present required for the purpose of levying duty. Neither Form A nor Form B is, therefore, applicable.

Difficulties of Parts of Empire basing Duty on "Invoice Price"

3. In the case of all Dominions (except, as pointed out above, the Irish Free State) import duties are calculated on the "current domestic value," *i.e.* the value in the country of production of similar goods sold for consumption in that country. It was, therefore, necessary that the invoice and certificate should make provision for the inclusion of full particulars regarding the "current domestic value" as well as the actual "invoice price" of the goods. In the case of the Colonies and Protectorates, there is no such uniformity of policy. Some of them follow the example of the Dominions and base their duties on the "current domestic value," whilst others levy duties on the "invoice price" itself.

To meet the difficulties of the latter a suggestion was made by the Colonial Office on the 25th April, 1923, to the various parts of the Empire levying duty form of invoice and certificate which omitted all references to "current domestic on such a basis that they should consider the possibility of adopting an abbreviated value." Since the date of the Colonial Office despatch referred to further amendments, to meet the requirements of the West African Colonies, have been made in the form for use by such parts of the Empire, and the form of invoice and certificate now proposed is set out as Appendix II to this Memorandum. If this proposal is generally adopted it will result in there being only two forms of invoice and certificate in use throughout the Empire where a certified statement by the exporter of the goods is required for the purposes of levying duty.

Dominions and Colonies not Granting Preference

4. In the case of Dominions and Colonies not giving preference to British goods owing to Treaty obstacles or on other grounds, the invoice and certificate referred to can in ordinary circumstances still be used. No certificate of British origin is, of course, required in such cases and, therefore, only the respective invoice and the first part (dealing with "value") of the respective certificate are required. Where duty is based on "current domestic value" the relevant parts of Form A should be used. Where duty is based on "invoice price" the relevant parts of Form B should be used.

Present Position

5. Copies of the two forms of invoice and certificate are attached (Appendices I and II) together with the relevant Explanatory Memorandum

for the guidance of exporters using each. Where a certified statement by exporters is required for the purpose of levying duty in the various parts of the Empire one or other of these forms is now in use, except in the following cases:—

Canada.
Aden.
Straits Settlements.
Ceylon.
Mauritius.
Hong Kong.
Papua (administered by Australia).
Falkland Islands.
Bastoland, Bechuanaland, Swaziland.
Nyasaland.
Uganda.
Antigua.
Montserrat.
Bermuda.
British Honduras.
Gibraltar.
Malta.
Federated Malay States.
Malay States not in the Federation.
Kenya.
Zanzibar.
Sudan.
Somaliland.
St. Helena.
Nigeria.
Gold Coast.
Sierra Leone.
Gambia.
Turks and Caicos Isles.
Gayman Isles.
Virgin Islands.
St. Kitts—Nevis.
North Borneo.
Brunei.
Sarawak.
British Solomon Isles.
Gilbert and Ellice Isles.
Tonga Isles.
New Hebrides (under Joint British and French administration).

Explanatory Memorandum

6. In Appendices I and II to this Memorandum are included as well as the relevant invoices and certificates Explanatory Memoranda regarding their use. These are based upon the recommendations of the Imperial Customs Conference and should in all cases be adopted where the invoices and certificates are themselves required. These Memoranda are in a form primarily for the guidance of United Kingdom traders sending goods to those parts of the Empire where the respective invoices and certificates are required. For traders in other parts of the Empire the provisions of the Memoranda would still apply subject, of course, to the necessary changes, *mutatis mutandis*, making them applicable to the particular part of the Empire from which the goods are shipped to the Dominions and Colonies using the respective invoices and certificates.

Appendix I (Form A)

Explanatory Memorandum for the Guidance of Exporters using the Form of Certificate and Invoice prepared for use in Parts of the Empire, basing Duty on "Current Domestic Value."

1. Appendix (A) of this memorandum is the form of invoice required by the Customs Authorities of the Commonwealth of Australia, New Zealand, the Union of South Africa, and Newfoundland, and such other parts of His Majesty's territories as may from time to time be notified in the *Board of Trade Journal*.

2. On the back of the invoices must be written, typed, or printed the combined certificate of value and origin (Appendix (B)) in respect of all goods whether sold outright or shipped on consignment. The certificate of value and of origin will be required in respect of goods on which preferential tariff treatment is claimed, exported either from the United Kingdom or British Possessions; and only the certificate of value in respect of exports from foreign countries, or exports of foreign goods from the United Kingdom or British Possessions.

I.—*Value for Duty*

3. Special attention should be paid to the column of the invoice dealing with current domestic value, as full information of this is required by the Customs authorities of the Dominions when assessing value for duty. Exporters should, furthermore, see that the particulars required by Clauses 3 and 4 of the certificate are accurately stated.

4. It should be clearly understood that the prices shown in the column of the invoice headed "Current Domestic Value," must be those which are being quoted in the open market at the date of invoice for delivery for home consumption, and not necessarily those at which the order for the goods was accepted, as it may frequently happen that fluctuations will occur in the home market price between the date of order and the date of exportation. In ordinary circumstances the date of invoice will be regarded as the "date of exportation," but where any alteration in value occurs between the date of the invoice and the actual date of exportation, such change in the current domestic value should be shown.

5. If goods are sold for home consumption at gross prices less discounts and/or rebates, such gross prices, together with particulars as to discounts and rebates, should be shown in full in the "Current Domestic Value" column of the invoice.

6. Where the discounts shown in the "Current Domestic Value" column are not the ordinary trade or cash discounts, but are of the nature of contingent discounts or rebates, they must be specified as such, and their nature detailed on the invoice.

7. Where the goods invoiced are samples and the price on the invoice has been arrived at after the deduction of a sample discount, the ordinary gross prices and the ordinary trade discounts applicable to the goods in question should be specified in the "Current Domestic Value" column.

8. Any shipment which forms portion only of a complete order should be valued at the price per unit which, at the date of despatch of such shipment, would be quoted for the total quantity of such complete order for supply under similar conditions of delivery to a domestic purchaser.

(NOTE.—In the case of shipments to New Zealand, the total quantity referred to above is limited to the quantity actually specified for delivery within twelve months.)

9. When goods are shipped "on consignment," that fact should be indicated in the column headed "Selling Price to Purchaser," and the "Current Domestic Value" inserted in the column provided for that purpose, as in the case of ordinary sales.

10. In the case of goods exported in bond or subject to draw-back, the value required in the column headed "Current Domestic Value" is the duty-paid domestic value, and not the in-bond value or the domestic value less drawback. The amount of duty or drawback involved should be specified in Clause 4 of the certificate. A similar course should be followed in regard to goods subject to stamp duty, luxury tax, or other internal imposts.

11. As regards goods which are prepared specially for export and which ordinarily have no sale on the domestic market, the value to be shown in the column headed "Current Domestic Value" is that at which the supplier would, at the date of exportation, be prepared to supply identically similar goods in equal quantities to any purchaser for home consumption in the country of exportation, in the event of an order for home consumption being accepted. In this connection attention is directed to Clause 3 of the certificate.

12. Care should be taken to enumerate correctly the charges detailed at the foot of the invoice, as the practice of the various Dominions, regarding the inclusion in or exclusion from the value for duty of such charges, is not uniform.

13. It will be observed that charges such as wharfage, dock dues, lighterage, cartage, cranage, etc., if incurred in the dock area, and charges in the nature of bank exchange and export duties are not required for duty purposes to be enumerated at the foot of the invoice. There is, however, no objection to such charges, if incurred, being shown separately.

II.—*Conditions of Preference*

14. Preferential Tariff arrangements exist in Canada, Australia, New Zealand and the Union of South Africa, but not in Newfoundland.

15. The conditions under which preference is granted in the various Dominions are either—

(*a*) That the goods are wholly produced or manufactured in the United Kingdom, or

(*b*) That the goods, if not wholly produced or manufactured in the United Kingdom, contain at least 25 per cent of United Kingdom labour and material in the factory or works cost.

It is essential in every case that the final process of manufacture shall take place in the United Kingdom, and that the goods are consigned therefrom to the Dominions for which they are destined.

(*Note.*—For the words "United Kingdom" in paragraphs 15 and 17 of this memorandum there may be substituted, in the case of goods destined for Canada, Australia and South Africa, the name of the part of the Empire entitled to preference in respect of goods shipped therefrom; and in the case of goods sent to New Zealand the name of any British Dominion or possession in which they may have been produced.)

The following statement has been prepared as a guide to exporters in computing the factory or works cost of the goods exported and the percentage value therein of United Kingdom labour and material:—

Factory or Works Cost

The factory or works cost is the total of the following items (i-iv):—

(i) The cost of materials as received into factory, but not including customs or excise or other duty paid or payable in respect of such materials in the United Kingdom.

(ii) Manufacturing wages.

(iii) Factory overhead expenses.

(iv) Inside containers.

The following items must not be included in the factory or works costs, being charges incurred subsequent to the completion of the manufactured goods:—

(v) Outside packages and expenses of packing thereinto. Such packages include zinc linings, tarred paper, etc., in which the goods are ordinarily exported.

(vi) Manufacturers' or exporters' profit, or the profit or remuneration of any trader, broker, or other person dealing in the article in its finished manufactured condition.

(vii) Royalties.

(viii) Carriage, insurance, etc., from place of production or manufacture to port of shipment.

(ix) Any other charges incurred subsequent to the completion of the manufacture of the goods.

Proportion of United Kingdom Labour and Material

In calculating the value of United Kingdom labour and material in the factory or works costs for the purpose of determining whether the goods are eligible for preference, the following items only may be included:—

(*a*) Materials so far as they are of United Kingdom origin, but not including any excise or other duty paid or payable in the United Kingdom.

(*b*) Manufacturing wages.

(*c*) Factory overhead expenses.

(*d*) Inside containers of United Kingdom origin.

(*Note.*—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the fiinished article.)

16. Further particulars as to the conditions under which preference is granted by the various Dominions may be obtained either from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Dominion Governments themselves or their overseas agents.

III.—*Postal Packages*

17. The following short form of certificate will, in general, be accepted as satisfactory evidence of origin for admitting at the preferential rate of duty in the case of post parcels of small value arriving from the United Kingdom, where the contents are not merchandise for sale:—

"The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of the United Kingdom.

"Dated at .....this .....day of .....19....

"..... Sender."

The limit of value for the purpose of this provision is in general £10. Particulars with regard to the requirements of any individual Dominion or Colony may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Dominion or Colonial Governments concerned or from their overseas agents, where such exist.

IV.—*Signature of Certificates on Invoices*

18. The certificate on the invoice must be signed in his personal capacity by the supplier or the manufacturer or any person having authority to sign on behalf of the supplier or manufacturer. The witness to the signature need not necessarily be a magistrate, notary, or other public official, but may be any person competent to sign as a witness to signatures on ordinary business documents.

APPENDIX (A)

Form of Invoice

Country of Origin.	Marks and Numbers on Packages.	Quantity and Description of Goods.	Current Domestic Value in Currency of Exporting Country. (See paragraphs 3 and 4 of Certificate.)		Selling Price to Purchaser.	
			@	Amount.	@	Amount.

Enumerate the following charges and state whether each amount has been included in or excluded from the above current domestic value:—

—	Amount in Currency of Exporting Country.	State if included.
(1) Cartage to rail and/or to docks.....		
(2) Inland freight (rail or canal) and other charges to the dock area, including inland insurance.....		
(3) Labour in packing the goods into outside packages.....		
(4) Value of outside packages.....		
(5) If the goods are subject to any charge by way of royalties.....		

State full particulars of royalties below:—

APPENDIX (B)

Combined Certificates of Value and of Origin to be Written, Typed or Printed on Invoices of Goods for Exportation to British Dominions, Colonies, etc.

I [(1) .....of (2) .....of (3)..... .....
manufacturer supplier of the goods enumerated in this invoice, amounting to ..... hereby declare that I [(4) have the authority to make and sign this certificate on behalf of the aforesaid manufacturer supplier and that I] have the means of knowing and do hereby certify as follows:—

(1) Here insert manager, chief clerk, or as the case may be.
(2) Here insert name of firm or company.
(3) Here insert name of city or country.
(4) These words should be omitted where the manufacturer or supplier himself signs the certificate.

Value

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods and the actual quantity thereof.

2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to anyone; and that no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them either by way of discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows (5).....

3. That the domestic value shown in the column headed "Current Domestic Value" are those at which the above-mentioned firm or company would be prepared to supply to any purchaser for home consumption in the country of exportation and at the date of exportation identically similar goods in equal quantities, at (6)..... subject to ..... per cent cash discount, and that such values include exclude the cost of outside packages, if any, in which the goods are sold in such country for domestic consumption.

4. That the said domestic value includes any duty leviable in respect of the goods before they are delivered for home consumption, and that on exportation a drawback or remission of duty amounting to .....has been will be allowed by the revenue authorities in the country of exportation.

Origin

[In the case of goods exported to Newfoundland, or other parts of the Empire not granting Preference to British goods, the following portion of the certificate dealing with origin should be struck out.]

(Delete whichever of 5 (*a*) or 5 (*b*) is not applicable. If 5 (*a*) is used, delete 6 and 7. If 5 (*b*) is used, insert required particulars in 6 and 7).

5. (*a*) That every article mentioned in the said invoice has been wholly produced or manufactured in (7).....

5. (*b*) That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in (7).....

6. As regards those articles only partially produced or manufactured in (7).....

(*a*) That the final process or processes of manufacture have been performed in that part of the British dominions.

(*b*) That the expenditure in material produced in (8)..... and/or labour performed in (8).....calculated subject to qualifications hereunder, in each and every article is not less than one-fourth of the factory or works costs of such article in its finished state. (See note.†).

(† NOTE.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be

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(5) Here insert particulars of any special arrangement.
(6) Here insert "warehouse," "factory" or "port of shipment."
(7) Insert "United Kingdom" or name of other part of British dominions.
(8) Insert "United Kingdom" in case of exports to Australia if justified by facts or name of part of British dominions in case of exports to other destinations.

regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

7. That in the calculation of such proportion of produce or labour of the (8).....none of the following items has been included or considered:—

"Manufacturer's profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods thereinto; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture."

*8. With regard to bottles, flasks, or jars, being containers of goods mentioned in the invoice, that such bottles, flasks, or jars are of United Kingdom manufacture, and if purchased from bottle exchanges have distinctive marks or features which enable me to certify to their United Kingdom origin.

Dated at.....this.....day of.....19....

Witness .....Signature .....

Appendix II (Form B)

Explanatory Memorandum for the Guidance of Exporters using the Form of Certificate and Invoice Prepared for use in Parts of the Empire, basing Duty on "Invoice Price."

1. Appendix (A) of this memorandum is the form of invoice required by such parts of His Majesty's territories as may from time to time be notified in the *Board of Trade Journal* which adopt the "invoice price" as the basis for assessing duties.

2. On the back of the invoices must be written, typed, or printed the combined certificate of value and origin (Appendix (B)), in respect of all goods whether sold outright or shipped on consignment. The certificate of value and of origin will be required in respect of goods on which preferential tariff treatment is claimed, exported either from the United Kingdom or British Possessions; and only the certificate of value in respect of exports from foreign countries, or exports of foreign goods from the United Kingdom or British Possessions.

Value

3. Where goods are shipped "on consignment," the price at which the goods were purchased, or, if they are consigned by the manufacturer, the "current domestic value" in the country of consignment, should be stated in the column headed "Selling Price to Purchaser."

Conditions of Preference

4. The conditions under which preference is granted are either:—

(*a*) That the goods are wholly produced or manufactured in the United Kingdom, or

(*b*) That the goods, if not wholly produced or manufactured in the United Kingdom, contain at least 25 per cent of United Kingdom labour and material in the factory or works cost.

---

(8) Insert "United Kingdom" in case of exports to Australia if justified by facts, or name of part of British dominions in case of exports to other destinations.

* Paragraph 8 may be struck out in all cases except where goods are exported to Australia.

In the case of certain Colonies it is essential that the final process of manufacture shall take place in the United Kingdom, and that the goods are consigned therefrom to the Colonies in question.

5. The following statement has been prepared as a guide to exporters in computing the factory or works cost of the goods exported, and the percentage value therein of United Kingdom labour and material.

Factory or Works Cost

The factory or works cost is the total of the following items (i-iv):—

(i) The cost of materials as received into factory, but not including customs or excise or other duty paid or payable in respect of such materials in the United Kingdom.
(ii) Manufacturing wages.
(iii) Factory overhead expenses.
(iv) Inside containers.

The following items must not be included in the factory or works cost, being charges incurred subsequent to the completion of the manufactured goods:—

(v) Outside packages and expenses of packing thereinto. Such packages include zinc linings, tarred paper, etc., in which the goods are ordinarily exported.
(vi) Manufacturers' or exporters' profit, or the profit or remuneration of any trader, broker, or other person dealing in the article in its finished manufactured condition.
(vii) Royalties.
(viii) Carriage, insurance, etc., from place of production or manufacture to port of shipment.
(ix) Any other charges incurred subsequent to the completion of the manufacture of the goods.

Proportion of United Kingdom Labour and Material

6. In calculating the value of United Kingdom labour and material in the factory or works cost for the purpose of determining whether the goods are eligible for preference, the following items only may be included:—

(*a*) Materials so far as they are of United Kingdom origin, but not including any excise or other duty paid or payable in the United Kingdom.
(*b*) Manufacturing wages.
(*c*) Factory overhead expenses.
(*d*) Inside containers of United Kingdom origin.

(NOTE.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

7. Further particulars as to the conditions under which preference is granted by the various parts of the Empire may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London.

Postal Packages

8. The following short form of certificate will, in general, be accepted as satisfactory evidence of origin for admitting at the preferential rate of duty in the case of post parcels of small value arriving from the United Kingdom, where the contents are not merchandise for sale:—

"The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of the United Kingdom.

"Dated at ..... this..... .....day of....., 19....."

The limit of value for the purpose of this provision is in general £10. Particulars with regard to the requirements of any individual part of the Empire may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Government of the part of the Empire in question or from its Overseas Agents, where such exist.

Signature of Certificates on Invoices

9. The certificate on the invoice must be signed, in his personal capacity, by the supplier or the manufacturer or any person having authority to sign on behalf of the supplier or manufacturer. The witness to the signature need not necessarily be a magistrate, notary, or other public official, but may be any person competent to sign as a witness to signatures on ordinary business documents.

Appendix (A)

FORM OF INVOICE

Country of Origin.†	Marks and Numbers on Packages.	Quantity and Description of Goods.	Selling Price to Purchaser.	
			[illegible]	Amount.

†To be completed only where preferential rates of duty are claimed.

Appendix (B)

Combined Certificate of Value and of Origin to be Written, Typed, or Printed on Invoices of Goods for Exportation to British Colonies, etc.

I (1) ..... of (2) ..... of (3) .....
manufacturer supplier of the goods enumerated in this invoice amounting to

(1) Here insert manager, chief clerk, or as the case may be.
(2) Here insert name of firm or company.
(3) Here insert name of city or country.

..... hereby declare that I [(4) have the authority to make and sign this certificate on behalf of the aforesaid manufacturer/supplier, and that I] have the means of knowing and do hereby certify as follows:—

Value

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof.

2. That no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them, either by way of discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows (5).....

Origin

[In the case of goods exported to Colonies not granting preference to British goods, the following portion of the certificate dealing with origin should be struck out.]

(Delete whichever of 3 (*a*) or 3 (*b*) is not applicable. If 3 (*a*) is used delete 4 and 5. If 3 (*b*) is used insert required particulars in 4 and 5.)

3. (*a*) That every article mentioned in the said invoice has been wholly produced or manufactured in (6) .....

3. (*b*) That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in (6) .....

....

4. As regards those articles only partially produced or manufactured in (6) .....

(*a*) That the final process or processes of manufacture have been performed in that part of the British dominions.

(*b*) That the expenditure in material produced in (6) ..... and/or labour performed in (6) .....calculated subject to qualifications hereunder, in each and every article is not less than one-fourth of the factory or works cost of such article in its finished state. (See note.†)

(†*Note.*—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

5. That in the calculation of such proportion of produce or labour of the (6).....none of the following items has been included or considered:—

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(4) These words should be omitted where the manufacturer or supplier himself signs the certificate.

(5) Here insert particulars of any special arrangement.

(6) Insert "United Kingdom" or name of other part of British dominions.

"Manufacturer's profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods thereinto; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture."

Dated at ..... this ..... day of ..... 19..

Witness ..... Signature .....

THIRD REPORT

At the Meeting of the Imperial Economic Conference held on Friday the 5th October, 1923, a Resolution was passed instructing the Commercial Facilities Committee, in connection with paragraph (4) (B) of the draft Agenda, viz., Statistics, to consider and report to the Imperial Economic Conference what steps can be taken in the light of the Report of the British Empire Statistical Conference, 1920, and of subsequent experience, to improve Trade Statistics published by His Majesty's Government in order to increase their value from the point of view of the development of inter-Imperial trade.

The Committee propose that the following Resolution (No. VIII—Resolutions 1—VII, dealing with other matters, having been included in their First and Second Reports) should be submitted for adoption by a plenary meeting of the Imperial Economic Conference:—

Resolution VIII

"The Conference, recognizing the importance of rendering the trade statistics published by the Government of the United Kingdom as valuable as possible with reference to the development of inter-Imperial trade, recommends that the United Kingdom Board of Trade, after reviewing the statistics in question from this point of view, should draw up a detailed scheme and submit it to the Governments of the several parts of the Empire for their consideration."

With regard to the establishment in this connection of an Imperial Advisory Committee which was proposed by His Majesty's Government for discussion, the majority of the Commercial Facilities Committee were in favour of adding the following to the above Resolution:—

"In the preparation of the scheme referred to and in any further questions that may arise in relation to Imperial Trade statistics, the Board of Trade should have the advantage of the considered and combined views of the users of Imperial Trade statistics, and to this end should consult with an Advisory Committee generally representative of trade interests and nominated by the several Governments concerned."

The representatives of the Dominion of Canada on the Commercial Facilities Committee, however, explained that their Government could not support such an addition to the Resolution, as they could see no advantage in the setting up of such a Committee and, indeed, apprehended that it might exercise an influence detrimental to the expeditious carrying out of the proposal contained in Resolution VIII (as set out above), by hampering the establishment and maintenance of close contact between the Dominion Statistical Offices and the

Statistical Officers of United Kingdom Departments. The representatives of Canada further stated that in the event of the establishment of such a Committee the Dominion Government would not wish to be represented thereon.

The New Zealand representatives explained that they were instructed to state that the New Zealand Government did not favour the establishment of an Advisory Committee on the lines proposed.

The Committee regret that they have not been able to reach an unanimous decision on this subject. They desire, however, to place on record that their failure to agree on the recommendation of an Advisory Committee does not imply that any member of the Committee would wish in any way to limit the right of the Board of Trade of the United Kingdom to establish whatever machinery they may think desirable or to consult whatever interests they may wish, either in regard to the preparation by them of the detailed scheme referred to in Resolution VIII, or for their own guidance in other statistical questions.

Signed on behalf of the Committee,

(Signed) S. J. CHAPMAN, *Chairman.*

October 25, 1923.

IMPERIAL COMMUNICATIONS

The questions before the Conference under this heading fell into three main divisions: (1) Shipping Communications, (2) Air Communications, and (3) Cables and Wireless. As regards Shipping Communications the Conference decided at an early stage of their proceedings that the most convenient procedure would be to invite Sir Halford Mackinder, the Chairman of the Imperial Shipping Committee, to make a statement which would cover the various matters arising out of the Reports of that Committee, as well as any other questions of importance connected with shipping. Similarly, it was decided to invite the Secretary of State for Air to make a statement to the Conference on Air Communications, and to invite the Postmaster-General to address the Conference on the subject of Post Office Communications (mail services, cables and wireless).

(1) SHIPPING COMMUNICATIONS

As regards Shipping Communications, the Conference had before them the various Reports of the Imperial Shipping Committee, viz., the Interim and Final Reports on the Deferred Rebate System (Cmd. 1486 of 1921, and Cmd. 1802 of 1923); the Report on Rates of Freight in the New Zealand Trade (Cmd. 1564 of 1921); the Report on the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading (Cmd. 1205 of 1921); the Report on the Functions and Constitution of a Permanent Imperial Body on Shipping Questions (Cmd. 1483 of 1921); the Report on the work of the Imperial Shipping Committee, 1920-1922 (Cmd. 1872 of 1923); the Report on the Economic Size and Speed of Vessels trading between the United Kingdom and Australia (Cmd. 1917, 1923); and also the Report on Methods of Assessment of Shipping to Income Tax within the Empire (Cmd. 1979, 1923), which became available during the Sessions of the Conference. They also had before them a memorandum by the General Post Office on Inter-Imperial Mail Services, Paper I.E.C. (23)—9, printed on page 333.

The proceedings were opened at the Ninth Meeting of the Conference on the 16th October, 1923, when the following references were made to the question of Mail Services:—

Sir LAMING WORTHINGTON-EVANS: Mr. Chairman, I do not know how much you want me to say on this occasion, but I propose, if the Conference desires it, to give a brief *résumé* of the position of the mail services, the telegraphic services, and wireless. It is, of course, impossible for me to go over the whole field in detail, but I suppose all the Dominion Governments are pressed, just as we are at home, from many quarters to provide quicker and more frequent services to the oversea parts of the Empire, without much regard to the cost which would be entailed by doing so.

MAIL SERVICE FACILITIES DEPENDENT ON CARGO AND PASSENGER TRAFFIC

It may be useful, therefore, to emphasize, at the outset, the elementary and obvious fact that ultimately the frequency and, to some extent, the speed of the mail services must depend upon the cargo and passenger traffic upon each route. The payments under a mail contract can, at most, represent a very small proportion of the cost of running a service, and it is therefore impossible, within reasonable limits of expense, to provide services in excess of what the passenger and cargo traffic demand. The development of improvement of the mail services, therefore, proceeds *pari passu* with the improvements in the commercial services, which increased commercial intercourse between the different parts of the Empire brings in its train, and it has been the policy of successive British Governments, for very many years, to confine the mail subsidies to the payments for services rendered, by which I mean, not only the actual conveyance of the mails, but the acceptance by the shipping companies of a definite standard of regularity and speed on the route to which the contract relates.

RECENT IMPROVEMENTS EFFECTED IN MAIL SERVICES

In our view, the justification for a contract lies in the fact that without it the sailings on a particular Imperial route would be irregular and slow. On certain routes, served by several different lines, we find that the best service is obtained not by a contract with a particular company, but by utilizing the ships on each and every line as may prove most convenient. For example, the West Indies, which before the war were served by contract ships giving as a rule a fortnightly despatch of mails, are now served by four or five different lines, giving a despatch to most of the islands at least once a week and, in some cases, oftener. As regards the main services which are still performed under contract, either with the Home Government or with one of the Dominion Governments, considerable improvement has been effected in the last two years. We have now on some of the important routes regained the pre-war standard. For example, the South African mail carried by the Union Castle Company under contract with the Union Government is now, as it was before the war, a weekly service, occupying seventeen days in transit. To Canada, the fastest service is performed by the Atlantic lines via New York, and it is also practically as good as pre-war, except that in the winter months some of the largest and fastest ships of the Cunard and White Star Line are laid up and slower boats have to be substituted. The Indian mail is a weekly service, as it was before the war, but the transit time is twenty-four hours longer. The Australian service is not so satisfactory. Before the war a weekly service was provided by the P. & O. Company in contract with the British Government, and by the Orient Line in contract with the Commonwealth Government, in alternate weeks. These companies are now only able to provide a fortnightly service between them, but by using the ships of the Commonwealth Line it is usually possible to secure a despatch of mails three weeks in each month. Both the P. & O. and the Orient Companies have just arranged for an acceleration of their services, which will shorten the voyage to Australia by two days and practically restore the pre-war time of transit.

SESSIONAL PAPER No. 36

REASONS AGAINST REVERTING TO EMBARKATION OF INDIAN AND AUSTRALIAN MAILS AT ITALIAN PORT

I have been recently urged from several quarters, not least by the Italian Government, that mails for India and Australia should be embarked at an Italian port, either Brindisi or Taranto, as they were before the war, and it is represented that a considerable acceleration could thereby be secured. I have examined this possibility very carefully, but I have come to the conclusion that the advantage, if any—and it is very doubtful if there would be any acceleration at all—would certainly not be sufficient to compensate for the very heavy additional cost. It is true that the transit time of the Indian mail is now about twenty-four hours longer than it was before the war when the mail was embarked at Brindisi. Of this twenty-four hours not more than half can be attributed to the shortening of the sea passage by carrying the mails through Italy. The remaining twelve hours were due to the small boats which carried the mail from Brindisi to Port Said (where it was transferred to the P. & O. mailship) being considerably faster than the mailships themselves. These shuttleboats have now been sold out of the service and the cost of replacing them and restoring the Brindisi-Port Said service would be extremely heavy and would ultimately entail an addition to the P. & O. contract payments. Apart from this it is very questionable whether the Italian Railways could maintain the pre-war timing. The cost of the overland transit through Italy would be between £60,000 and £70,000 per annum. The rather problematical saving of about twelve hours would land the mail at Bombay in the evening or at night and would have little or no effect in accelerating its delivery. I am satisfied therefore that the extra cost which, as I have said, both for the land transit and the additional sea service, would be extremely heavy, would not be warranted.

PROSPECT OF MORE FREQUENT SERVICE TO AUSTRALIA

With regard to the restoration of the full weekly service to Australia, the P. & O. have built, or are building, four new ships, and when these are completed there would be some prospect of a more frequent service. But there remains the question whether the passenger and cargo traffic would be sufficient to repay more frequent sailings, and this is an aspect of the question which would require some consideration when the time arrives.

IMPERIAL PENNY POST MUST BE PRECEDED BY INTERNAL PENNY POST

The question of the Imperial penny post naturally, as far as we are concerned, depends upon our being able to get an internal penny post. An internal penny post will cost us approximately £5,000,000 a year; and until we can get a penny post in this country it is obvious that we cannot have an Imperial penny post. The actual Imperial part of it is roughly half a million; that is to say, if we once got an internal penny post, to make it apply to the Empire would mean an extra half million, but that is relatively small. I have not any doubt that if once we got an internal penny post we would stretch it and make it an Imperial penny post. I know New Zealand is very proud of itself; it has already got it.

Mr. MASSEY: It has very good reason, when I hear what you have got to say about Britain.

The CHAIRMAN: I think it is useful to have that undertaking from the Postmaster-General, that when we get an internal one it will be an Imperial one.

Sir LAMING WORTHINGTON-EVANS: I think that can be done.

The CHAIRMAN: For the purpose of this afternoon, we confine ourselves to the subjects raised by the Postmaster-General, and do not, I take it, digress into the wider shipping questions which will come up to-morrow.

MAIL SERVICES BETWEEN CANADA AND EUROPE NOW ON PRE-WAR BASIS

Mr. GRAHAM: The question raised by the Postmaster-General as to the mail service throughout the Empire is, of course, very interesting. Heretofore, Canada has given a subsidy to certain lines to carry our mails. Now we are willing to pay for the carrying of mails, and we do, to any ship that takes them, so that the mails do not have to wait for a boat of any particular line. As the Postmaster-General says in his statement, as to the rapidity of the mails between Canada and Great Britain, that is in pretty good condition, and I do not think we can very well improve on it at the present time. I think we can practically say that the mail carrying between Canada and Europe is on a pre-war basis.

CANADIAN POST OFFICE DEPARTMENT AN EXPENSIVE ONE

In Canada, of course, our mail service has got to be quite expensive, and the fact that we have undertaken rural mail delivery in a country of wide expanse and sparse population—it is not extended, of course, to all parts of the Dominion—lays a heavy burden on the exchequer of the Post Office Department. But it gives us great satisfaction. The life of the rural citizen, who is far removed in some cases from the centres, is brought into daily, or almost daily, touch with the centres, and he is able to take his daily paper, which he could not do before.

Then we have a parcel post, which is another great expenditure, from the fact that the transportation of our mails costs so much more money now on account of the bulky nature of the parcels carried by parcel post. So that, on the whole this is a fairly expensive department.

There is another call on the Post Office Department in Canada, owing to recent legislation, which will reduce, not the income of the Government, but the income of the Post Office Department. We have, since the beginning of the war, and later, established certain stamp taxes. Up to the recent session, postal stamps were allowed to be used on receipts or cheques or notes. The Minister of Inland Revenue took the view that the Revenue Department should have credit from the receipts for the purchase of the stamps, and Parliament passed an Act requiring all those using cheques, notes, receipts, etc., to use other stamps; so that the postal department will only have receipts from its own absolute postal revenue as from the 1st October, 1923.

CANADIAN POSTAL RATES TO GREAT BRITAIN

The question has been raised with us by our own people, not by any person in Great Britain, that our postal rates discriminate against correspondence with Great Britain; not that our rates are higher than those of Great Britain, but that our rates are higher to Great Britain than to some other countries. Our rate is 3 cents to the United States, for we are compelled to charge as low a rate as we can, for the simple reason that for the last half-century there has been a Convention between the United States and Canada on postal rates. Our rate is 3 cents to them and theirs is 2 cents to us. We charge more to Great Britain, *i.e.*, 4 cents, for we follow the rate charged in Great Britain.

QUESTION OF REDUCTION OF RATES

As to the fixing of rates, of course, Canada is an adherent of the Berne Convention and has been for very many years. That Convention discusses postal rates, and meets again, I think, in Sweden next year, and it is possible by that time that the Dominion of Canada, and Great Britain as well, may be in a position to consider a reduction of rates; but I think it would be well for that to be left for discussion at that Conference, where all the nations of the world are represented, because postage is a matter between nations in which you cannot very well give a preference. You make a general consideration and survey of the whole situation. I just wished to say that it is not intended to make a discrimination.

IMPORTANCE OF CHEAP RATES

Now as to the question of the reduction in rates. As I said before, our rate is 3 cents—practically the same as the British internal, I mean. If postal rates on ordinary correspondence could be reduced I think it would be one of the greatest incentives to better acquaintance between the different parts of the Empire that could be imagined. Years ago, in pre-war times, we reduced the rate from 3 cents to 2 cents. The result of that was an increase in revenue. But it is not a fair basis to make that bald statement without explanation. Before that time the Canadian people had used postcards to a great extent which only cost 1 cent, but when the rate was reduced to 2 cents the postal card correspondence practically disappeared and it has not reappeared under the 3 cents. That is in a measure the reason why our revenue increased when we placed a 2-cent rate on letters. However, I think it induces more correspondence. We discuss the 2-cent letter generally in connection with business. It is a good thing for business, of course, but to my mind it is a greater thing if it results in increased correspondence between the ordinary people on the farms and the men who are employees rather than employers; it is an incentive to better acquaintance, and does, I believe, conduce to increased business among different parts of the Empire as well as internal business.

Now we have discussed migration a good deal, but a letter from a contented settler in Canada, New Zealand or Australia, or any part of the Empire, sent home to friends here is the best advertisement that a Dominion can have, and the more we can encourage that kind of correspondence among the ordinary people, the better it is for the Empire and for the Dominions.

Mr. BRUCE: Mr. President, the question of communications in this discussion, as I understand it, is limited to mails, cable and wireless.

The CHAIRMAN: Surely.

PRESENT POSITION OF AUSTRALIAN MAIL SERVICES

Mr. BRUCE: There is not a great deal that I wish to say in regard to any of these. Of course, Australia, being the farthest away of all the Dominions, attaches the greatest importance to improved methods of communication; and it is for us to see, either by ourselves or in co-operation with the British Government or other parts of the Empire, that all the time our communications are being improved and we are keeping closely in touch with the other Dominions and great Britain herself. In regard to mails, I have not much to say at this stage. Of course, we are in the position now that we are not as well served as we were in pre-war days. But mails, as far as their frequency is concerned, at all events, depend to a great extent upon commercial shipping requirements; and while at the moment we are averaging something like three mails

a month, including the P. & O., the Orient, and the Commonwealth Line, we are by no means satisfied that that meets our circumstances or is all that we require. But we recognize that to a great extent, as far as the shipping side of it is concerned, more frequent mail services could only be established at a prohibitive cost unless there is the passenger traffic and the goods traffic which will make the placing of other vessels a commercial proposition.

FUTURE PROSPECTS

I understand that the companies in Australia at the moment have in mind certain expansions and developments which should result in their at least getting back to a weekly service in the not very distant future; so that as far as the frequency of our mails is concerned, we can only say at the moment that we do not think we are being adequately served, but we are very hopeful that we are getting back to a weekly mail and will have to be content with that for the time being.

THE TIME FACTOR

With regard to the time taken, which is probably a more important factor, the position is not at all satisfactory. It is being considered, and considered at great length, and now we are knocking off a day or two days under different arrangements; but the sum total of it is that it takes twenty-nine days now—it used to take twenty-eight days once upon a time—so we are not advancing in this direction quite as far as we are in other matters.

The CHAIRMAN: That leaves out of account the airship service.

Mr. BRUCE: Yes; I am coming to that in a moment. This matter has been very exhaustively considered, and there is no doubt it will be dealt with when we are considering shipping, and we shall then have to consider the report of the Shipping Committee, the effect of steamers travelling at a faster rate, what its commercial results will be, and so on. I do not want to consider that now.

NEED FOR ACCELERATION OF MAIL SERVICES

But there is one solution which would certainly help and would probably make more difference than anything else, and that is the airship mail service to Egypt. Of course, Australia is very anxious to see that brought about, and to see the shortening of the time which is taken for mails to travel from Australia to Britain. Quite apart from getting down to the minimum time, it is, of course, necessary, on a commercial basis, that we should continue to accelerate these mails to some extent, because the cargo vessel is every day travelling faster, and it puts commerce in a quite intolerable position if shipping documents cannot be got through as the cargoes come to hand.

With regard to mails, our position is quite clear, that we want increased and accelerated services, and we know roughly what are the practical possibilities.

Mr. MASSEY: Mr. President, I have listened with a certain amount of interest to the Postmaster-General, expecting him to tell me, as the representative of New Zealand, that great improvements have taken place in the postal service between England and New Zealand in recent years. He did not vouchsafe that information, and there was a very good reason why.

Sir LAMING WORTHINGTON-EVANS: I confined myself to the truth.

NEED FOR IMPROVED POSTAL COMMUNICATION WITH NEW ZEALAND

Mr. MASSEY: That is quite an honest admission and one which I appreciate. I was going to say that instead of the service being as good as the pre-war service, it is not as good as it was many years ago. I do not know who is to blame, but it is a fact all the same. I have been looking for improvements lately, and I hoped that the Postmaster-General would be able to tell me that he was going to assist us. Before the war—twenty-five years ago—we used to have an annual fight in the New Zealand Parliament over postal subsidies. I was only a private member, but I took a certain part in this, and I know that we used to get our letters regularly from New Zealand to Great Britain in 30 days. I do not say that that was so on every occasion, but it was usual—oftener under 30 days than over. I do not think we have got a mail through under 30 days for years past; generally it takes 35 or 36 days, and sometimes over 40. It all depends how the letters are sent.

THREE MAIN MAIL ROUTES BETWEEN GREAT BRITAIN AND NEW ZEALAND

There are three main mail routes between New Zealand and Britain; one is through the Panama Canal. I believe that will be the fastest of the three routes before long when an improved service is inaugurated, but it is certainly not yet, because the vessels trading through the Panama Canal from New Zealand to England are mostly cargo vessels with passenger accommodation—good ships and comfortable ones to travel by—but the voyage usually takes 36 days, very seldom under 40. The other two routes are via San Francisco and New York, and by way of Vancouver and one of the ports on the eastern side of Canada, either Halifax to Montreal.

I do not think there is much difference in the time occupied by either of these two routes, but I wanted to find out for myself what could be done with regard to this matter. That was one of the reasons for my coming on this occasion across the United States in coming to England. I came from New Zealand to London in twenty-seven and a half days actual travelling time.

THE PROBLEM OF THE TIME FACTOR

Naturally it occurs to me that if it is possible to get passengers from New Zealand to England in twenty seven and a half days, it should surely be possible to get mails across. There is the problem to be solved. We are paying subsidies—I am speaking of the New Zealand Government—to the Shipping Company for the steamers coming from Wellington to San Francisco and also from Auckland to Vancouver. I think the amount is about £25,000 in each case. The New Zealand people are grumbling, and the matter was recently brought up in the New Zealand Parliament when the postal estimates were before the House. I promised that I would look into it, and I thought this was a good opportunity for doing so. The vessels are being improved. There is a very fine steamer, likely to be the best in the Pacific when she is placed in the service, being built for the Sydney-Auckland-Vancouver route. Sydney will be the terminal port. She is to be fitted with new Diesel Engines, and is expected to steam 19 knots. There are, of course, faster vessels on the Atlantic, but in the Pacific an average speed of 19 knots is very good. The vessel I travelled in when I did the journey in twenty-seven and a half days was just an ordinary ship carrying both passengers and cargo. She was built originally to carry fruit from the West Indies to England, but the trade did not pay, and she was sold to the present Company, who have used her for several years. The best speed she could attain

was 17 knots, and yet the whole journey here took only twenty-seven and a half days. Much faster steamers are wanted—of course, that is a big consideration—perhaps a better time-table on the railways, and that may be difficult to manage.

I am not finding fault with the time taken in crossing the continent of America, but what is wanted is a more business-like arrangement so that when the steamers come either to Canada or San Francisco no time is lost in getting the necessary train connections. On the night I arrived at San Francisco there was a train going to New York. About 500 bags of mails were entrained. I stopped two and a half days in the States, and was able to make a long promised visit in Washington. I cannot vouch for this—and honestly I should like to think my information was not correct—but I was informed by people in London, whose correspondence came in the setamer in which I travelled to San Francisco and which was placed on board the train for New York that night, that the mail was not delivered until the day we arrived in London, though I remained two and a half days in the States, during which I was not travelling. Now there is something wrong there. I am not able to say what it is; I hope I shall be able to find out, but I do want the British Post Office to help us in these matters. Nowadays it is far too long to occupy thirty-five or forty days in carrying mails between New Zealand and England, and we ought to do a great deal better than that. What is wanted is speeding up, and, so far as we are concerned, we are quite ready to do our share at the other end if the British Post Office Authorities will help us at this end and I hope they will.

APPEAL FOR RESTORATION OF PENNY POST BY GREAT BRITAIN

With regard to penny postage—I do not need to repeat what has been said before on this occasion—but New Zealand has led the way. Many years ago the British Government led the way in connection with penny postage, and there was a loss. New Zealand followed up closely with regard to penny postage, and soon the revenue was increased. We were making a profit with penny postage, but when mention is made of the fact that the Chancellor of the Exchequer would lose £5,000,000 by adopting penny postage, what I think is forgotten is that there is bound to be a large increase in the number of letters carried and therefore a corresponding increase in the revenue. I am not able to say that the one will balance the other, because I think it is very doubtful that it will, and, as far as I am concerned, I am looking at it as Finance Minister, and I have to watch very carefully that my accounts balance at the end of the year. I quite expect to make a loss with penny postage for three or six months before we get back to a normal revenue. All the same, I think that the authorities here are taking a pessimistic view of what will happen by its adoption. I am simply expressing an opinion on a subject in which we are both interested. Here is an anomaly. A letter is posted in New Zealand to Great Britain and the postage is 1*d*. The reply from Britain to New Zealand costs 1½*d*. I think it is an anomaly that ought to be put right, and I believe it will be perhaps before very long.

MR. MASSEY TO CONFER WITH G.P.O. REGARDING NEW ZEALAND MAIL SERVICE

Sir Laming Worthington-Evans: May I say one word in answer to Mr. Massey. I do not want to debate your statement at all, but I am told that it is New Zealand herself who makes the arrangements in regard to the Pacific, the sailing in the Pacific.

Mr. Massey: Yes.

Sir Laming Worthington-Evans: It is in your contract, not in the British Post Office contract, but I would very much like to take the opportunity while

you are over here of having a conference with you, because I entirely sympathize with your desire to shorten the time. If you can get a passenger across in twenty-seven and a half days, why not get the mails across? I quite agree that that question has got to be answered, and I would very much like, if you yourself were going to go into it, or if you could depute somebody to go into it, that you should come to the Post Office and do us the honour of conferring down there about it. We ought to do something together to reduce the time.

Mr. MASSEY: Thank you very much; I shall be very glad. As a matter of fact if it were possible to get the mails through the Canal there is no reason why we should not have a weekly service, but the vessels through the Canal are slower than the others and I hesitated to suggest it. With the others we can have a fortnightly service with no trouble at all.

Sir LAMING WORTHINGTON-EVANS: We could go into all these points.

Mr. MASSEY: I should be very glad.

IMPERIAL PENNY POST AND POSSIBLE REVENUE LOSS

Colonel GUINNESS: There is just one point which Mr. Massey raised about the Imperial penny post. I am sure the Treasury will not forget the Imperial value of any such change, but Mr. Massey mentioned that it was possible that the increased revenue would very soon wipe out the anticipated loss. Well, I am informed that the increased cost of handling the greatly increased mails would be so great, especially for the internal post of which the volume is probably ten times greater than the external post, that it might well be that we should repeat the experience when the penny post was originally instituted when I understand it took twenty-five years to make up the loss in revenue. I can only say that I will see that the Chancellor of the Exchequer is made aware of the opinions that have been expressed this afternoon and I am quite sure he will bear this Imperial consideration in mind when he comes to consider the point.

Mr. MASSEY: I am quite sure he will be sympathetic if it is possible to do it.

INDIA DESIRES REGULARITY OF MAILS RATHER THAN INCREASED SPEED

Mr. INNES: I have very little to say. As regards our mails it is true that our services are one day longer than before the war, but the mail steamers do what is after all their main duty, they bring documents of title before the goods to which those documents of title refer arrive. What we chiefly desire in India, since we do so much of our business by cable, is regularity rather than increased speed, especially as we recognize that increased speed must mean a largely increased cost.

The discussion was resumed at the Tenth Meeting of the Conference, on the 17th October, 1923, when Sir Halford Mackinder, Chairman of the Imperial Shipping Committee, attended and made the following statement:—

ORIGIN AND CHARACTER OF THE IMPERIAL SHIPPING COMMITTEE

Sir HALFORD MACKINDER: Mr. President, I imagine that the Conference would probably like me, in the first instance, to say a few words by way of report on the work of the Committee itself, because, of course, the Committee was the child of the Imperial Conference. It originated, you will remember, in a Resolution passed at the 1918 Conference, on the intiative, I think, of Mr. Massey. I may remind you that at first the idea was that there should be two bodies concerned with the shipping of the Empire, the one charged with con-

sidering improvements, the other charged with the consideration of complaints. But after discussion at the 1918 Conference, it was determined that there should only be one Imperial Shipping Committee, because it was felt that such a single body would carry more weight and also that you would get better people to serve upon it. The Committee is technically what is known here as a Prime Minister's Committee. It is appointed by the Prime Minister of the United Kingdom, but practically it is an Imperial Committee, because the Prime Minister nominates the representatives of the different parts of the Empire at the suggestion of the several parts. Several Dominions have for their representatives their High Commissioners in London; that is so in the case of India also. Others, as in the case of Australia, have chosen shipping experts. Then, in addition, there is a certain number of persons experienced in shipping and commerce– two chairmen of great shipping companies, one chairman of a great shipbuilding company, and two merchants, who have both of them, I think, been presidents of important Chambers of Commerce. So that the Committee is both representative of the whole Empire and it is also, within limits, expert. The Committee, of course, differs from all ordinary committees appointed by the British Prime Minister, in that it is instructed to report direct to all or any of the Governments of the Empire; and nearly all our reports, as the Prime Ministers will remember, have been addressed to the Prime Ministers of all the Governments of the Empire.

POWERS OF THE COMMITTEE

Well, Sir, there was some delay after the 1918 Conference because there were negotiations in regard to the constitution of the Committee, and the Committee did not get to work until the autumn of 1920, just three years ago. Since that time there have been sixty meetings of the full Committee, many meetings of sub-committees, and a certain number of conferences between parties in dispute, over which I have presided as the impartial chairman of the Imperial Shipping Committee. I think we may say that if you exclude the months of August and September the Committee has held a meeting of some sort on an average every week during the three years. Well, then, Sir, more important than those points, are the powers of the Committee; it is purely an advisory Committee, of course, but if you are to measure what the Committee has been able to do and to express satisfaction or dissatisfaction, it is necessary also to remember that it has no power to compel the attendance of witnesses or to compel the production of papers or accounts, and it has no money wherewith to obtain technical advice or criticism in regard to any propositions that may be put before it.

THE HABIT OF UNANIMITY

Now, recognizing these limitations we decided very early in the history of the Committee that it was necessary that we should set to work in order to accomplish two things; in the first place that, if possible, we should always be unanimous. Our advice would carry weight in proportion to the degree of our agreement. When you have to do practical things, and when execution will not wait, you may have to act by a majority. But in the case of such a committee as ours we felt that unanimity and a habit of unanimity was essential. There were two possible sources of difference. One part of the Empire might take one view and another part of the Empire another view, or you might have had the representatives of the Governments taking one view and the experts experienced in commerce and shipping taking another view. In either case, our report would have failed to carry weight, and I am

glad to say that all the reports from time to time sent to the Prime Ministers have been, as a fact, unanimous. That has been accomplished by a method to which I would venture to draw your attention.

METHOD OF OBTAINING UNANIMITY

We determined that actual members of the Committee, representative of particular Governments, should not themselves initiate subjects for our discussion. Had they done so, they would have become advocates. A man who laid himself out to convince his colleagues from the start that a particular proposition was advisable would find it difficult to retire from that position unless the evidence were absolutely overwhelming against him, and therefore, we took the course of requiring that when any Government or any body brought a case before us, that case should come before us officially from the Government in writing, and should be supported by witnesses sent by the Government Office or other body. The representative then of a particular Government—it might be New Zealand, Australia or Canada—would watch the case and see that it was properly developed, but he would be perfectly free at the end to associate himself with his colleagues from the other parts of the Empire, and he has always done so, with the result that we have always obtained unanimous reports.

GOODWILL OF THE SHIPOWNERS SECURED

Well then, Sir, the other matter on which we had to steer with great care was in regard to outside authorities and interests. It is quite obvious that, dealing with such matters as we have to deal with, the Departments of various Governments might feel that we were infringing on their spheres. The shipowners, also, were very suspicious of us—naturally they felt that they had had their fill of Government interference during the war and immediately afterwards—and, therefore, we had to steer very carefully so as to acquire goodwill, and I am happy to say—I think I am justified in saying it, I am speaking in the presence of at least three of my colleagues on the Committee—that we have succeeded in obtaining the goodwill of the shipowners. I mention that because it was essential, and I believe that everything that we have been able to do with our limited powers has been due to the fact that we have acted in a friendly way and all the time have tried to get agreement and not to override.

POST-WAR SHIPPING CONDITIONS

Well now, Gentlemen, we started by taking up that portion of our reference which directed us to survey the facilities for shipping within the Empire. We took a certain amount of evidence. We sent out questionnaires, and in the course of about six months we compiled a considerable amount of information which has undoubtedly been useful since, but then two things happened. On the one hand we began to find that the whole of the shipping world was in such a state of flux, was so busy recovering from the disorder into which it had been thrown by the war, that it was hopeless to think that we should be able to make any general report for a considerable time to come, which would not be out of date before it had actually been presented; and then on the other hand we found that at about the end of six months we were overwhelmed with complaints, and it was necessary to turn to the second part of our reference.

IRRITATION IN THE SHIPPING WORLD

Let me just say a word or two with regard to that fact; that the complaints poured upon us. Undoubtedly in the shipping world there was a considerable

amount of irritation—I think that perhaps is the right word to use—as the result of the conditions during the war. That irritation was not only on the part of the shipowners who had been greatly interfered with, but it was also on the part of the shipper associations, the producers in various parts of the Empire, who found that they had not the facilities that they would have liked for sending their produce over the seas; or that they had to pay too highly, as they thought, for the services of shipping; and in addition, of course, there were also Government complaints against shipowners. But at any rate there was a state of irritation, and my colleagues and I felt that under all the circumstances we could not do better than to turn our attention to the allaying of that irritation which we felt to have certain elements of danger in it. The chief shipowning community of the Empire is the United Kingdom—there are other owners of ships obviously—but a very large proportion of the shipowning interest is resident here. On the other hand, the Dominions and India, and in equal degree proportionately to their size, also the Colonies and Protectorates have this in common, that they are all dependent on exports; we here are dependent on the export of our coal and manufactures, and obviously producers of primary products over the seas are equally dependent in their different ways.

Therefore as between the producers in large portions of the Empire and the shipowning interests in this country such irritation as there was took on a geographical aspect. It tended also to become, if I may venture to say so, political, that is to say, the producer in New Zealand or in Australia or in any other part of the Empire, feeling he had a grievance against the shipowners, sought to influence the politics of his own region, and the shipowners were thrown on to the defensive and sought help at this end. That in itself was obviously a most undesirable condition of affairs. It did not make for friendship within the Empire and might in conceivable circumstances ripen into a condition of things which one would not like to contemplate. We laid ourselves out then to try and smooth down these differences.

BILLS OF LADING

The first great complaint that came before us we reported on to the last Imperial Conference, but inasmuch as there have been further developments since that time, and since developments are in progress at this moment in regard to it, I must mention it very shortly; and that is the question of shipowners' liabilty under bills of lading. That, of course, was a very old question, but it became acute after the war on account of the prevalence of pilferage. No one quite knew who was to blame; everyone said the other man. If you went to a shipowner he said the pilferage is at the docks, if you went to the docks they said it is on the railway. Wherever you went it was elusive and therefore the question of the shipowners' liability under bills of lading became urgent.

THE PRACTICE AT COMMON LAW

May I just remind the Conference very shortly of the points at issue? Under the British Common Law the shipowner, as a common carrier, is liable for the goods entrusted to him for conveyance, but under the same Common Law he is free to contract himself out of his liability, and the practice had arisen of so contracting himself out by endorsing in various ways the bill of lading. The result had been that there was a dispute involving at least four different sets of people. The shipowner naturally wished to eliminate liability as much as possible. The banker who had to deal with bills of exchange supported by bills of lading naturally wished to be able to handle the bill of lading, knowing without examining it too closely what its contents must be. He did not wish to

have to examine every bill of lading to find out what had been written into it—I won't say capriciously—but with great variety. The merchant, of course, and the producer wished to have the maximum protection and wished to have recourse against all the people they could, including the shipowner. Finally the underwriter, in view of the amount of pilferage that was going on, wished to make the servants of the shipowner more careful and to impose upon them a responsibility. The whole position, of course, was complicated by the fact that the practice of endorsement, being customary in the United Kingdom, was at variance with the law in the United States and within the Empire in both Canada and Australia.

We went to work, and we determined in the end unanimously to recommend that the shipowner should not be free to contract himself out of his liability, and we recommend that throughout the Empire the Canadian Act should be accepted as the model and that we should try to have a similar condition of affairs right through the Empire. I may say incidentally that we sounded shipping interests outside. We appealed to their patriotism. Naturally they did not much like the change that we proposed, but those interests that we consulted agreed that they would not oppose, provided there were certain safeguards inserted, and we arrived at a unanimous compromise on that subject. Our Report was published, having been sent to the various Prime Ministers, and was accepted by the last Imperial Conference. The whole Empire therefore, by the Resolution at that Conference, undertook to legislate in the same direction, but immediately after that Conference a movement took place to internationalze the practice which was to be established within the Empire.

THE HAGUE RULES

Meetings were held and a series of rules known as the Hague Rules were passed, and maritime countries were asked to legislate to make the Hague Rules the law in their several jurisdictions. Then, Sir, there arose an agitation on the part of shippers, of a certain number of shippers in this country, who asked to have the Imperial Shipping Committee's Report translated into law rather than the Hague Rules, their point being that our compromise had given greater security to the shipper as against the shipowner than the Hague Rules.

THE AMENDED RULES

Further discussions took place, and the Hague Rules were modified, and on behalf of my colleagues on the Imperial Shipping Committee I have to say that we considered the modified Rules, and, if our opinion is desired, we think that they carry out the intention of the Report which was presented by us unanimously and endorsed by the last Imperial Conference. There is this further fact, that the shipowners and shippers as represented by their different Associations are agreed internationally on this matter, with very few exceptions. Only within the last ten days a meeting has been held, I think it was in Brussels, and I understand that the differences are now so small that it is almost certain that on the basis of the amended Hague Rules you will be able to get a world-wide common practice in this matter of vital importance to the commercial world.

A Bill has been introduced into the House of Lords here; was referred to a Joint Committee of the two Houses; has been unanimously endorsed by that Joint Committee; and if this Conference is willing to accept as equivalent to what was adopted at the last Conference, the Hague Rules as now modified and as scheduled in the Bill before the British Parliament, then I imagine that Bill will be pressed forward; and the hope of those of us who have been busy

with it for the last three years is that it may now be accepted as a model Bill, and that we may see legislation with a view to uniformity in the Empire, we hope by way of an example to other nations, and in the end throughout the world. That, Sir, is all I have to say on that subject.

THE FORM OF THE BILL OF LADING

There were other questions in regard to bills of lading and one especially that has attracted considerable attention. It is in connection with what is known as the "received for shipment" bill of lading. The normal bill of lading states that goods have been shipped. It accompanies the bill of exchange and the banker negotiates the bill of exchange on the basis of the bill of lading and the producer is able to obtain his money while the goods are on the high seas.

There are certain inconveniences occasionally attaching to giving a "shipped bill of lading." You may have goods lodged in the warehouse of the shipowning company for shipment at the earliest practicable date, and the producer in some cases wants to get his money before the goods have actually been put on board ship. A practice arose of giving a "received for shipment" bill of lading. The bankers were very insistent that every bill of lading should state facts—should state no more than the truth. If the goods had been shipped, it must say so, but if they had only been received for shipment, it must not say they have been shipped; otherwise, faith in the value of the document will be lost.

Two questions came before us in regard to "received for shipment" bills of lading. The first came from the Far East, from the shippers and merchants interested in the trade of Singapore and Hong Kong, and there I presided as chairman of the Imperial Shipping Committee over a conference, and we were able to arrive at a *modus vivendi*, the essence of which was that there should be two forms of bill of lading: the one should say "shipped" and should be printed wholly in black, and the other might say "received for shipment"—those words being printed in red. The bankers would then know at a glance what type of document they were dealing with.

The other difficulty arose in regard to New Zealand. Sir James Allen brought before the Imperial Shipping Committee certain difficulties, and it was arranged that, again acting as chairman of the Committee, I should preside at a conference at which were present bankers, shipowners and the representatives of the New Zealand producers of wool. We were again able to arrange a compromise, the details of which I need not go into, on conditions which were accepted by the bankers, and the result was that the producers were able to touch their money without undue delay.

THE QUESTION OF DEFERRED REBATES

Now, Sir, the next great question that came before us had regard to deferred rebates—again an old stager. A Royal Commission had sat upon this question as a result of difficulties which had arisen early in the century with regard to South Africa. It sat, if I remember rightly, for some two or three years. It produced a majority Report, a minority Report, and a Report of a single member, which last was a very weighty document. The recommendations have practically not been acted upon. The Royal Commission was very useful to us, as its records shortened our proceedings, but to all intents and purposes nothing came from the Report of the Royal Commission. As in the case of the bill of lading question, so in the case of deferred rebate, there was a certain acuteness in the dispute immediately after the war. That was due to the fact of Government ownership of merchant shipping.

The question came before us in the first instance, and mainly, on a representation from the Australian Commonwealth Government. There was a quarrel

—I think we may to-day, now that peace has been arrived at, use that expression —there was a quarrel between the Commonwealth Government Line and the Australian Conference of Steamship Lines. That quarrel of course involved a great many points, but the matter as brought before us turned on the question of deferred rebates. The Australian Government Line could not give rebates—it was forbidden to do so by Commonwealth legislation. The Australian Conference of Shipping Lines stuck tenaciously to its practice of giving rebates, on the outward voyage, of course, but inasmuch as the round voyage is the unit of shipping, that had its repercussion on the homeward trade.

We examined this question and we presented two reports, an interim report and a final report. The interim report dealt with a special and urgent point. The Commonwealth Government Line represented to us that those who shipped with them had on a number of occasions been penalized by the Conference Lines by having their goods tendered for shipment refused, even though the ship had sailed not full—practically refused on the ground of what is technically called disloyalty. You see, that goes beyond merely refusing to pay up the deferred rebate; you boycott a particular shipper because he has shipped with your competitor. Lord Incheape was before us giving evidence and we put this point to him, and he, with great emphasis, said, that no line he was connected with would do such a thing. We came to the conclusion that it had been done, but that in all probability it had been done by the zealous action of subordinates, and therefore I was authorized by the Committee to communicate with Lord Incheape calling his attention to the evidence which he had given, informing him that it was our intention to examine any case of such boycotting that in future came before us, and asking him whether he could enlist the assistance of the Australian and New Zealand conferences in the event of our having to make such an enquiry.

Lord Incheape called meetings of the two conferences and replied that the conferences would give us assistance, and the result was that we were able to report to Mr. Hughes—then Prime Minister in Australia—in our interim report, that should such a case occur again we would investigate it and that we had been promised the help of the Shipping Lines themselves. From that day to this no such case has been brought to our attention.

A QUASI-MONOPOLY ESSENTIAL IN THE CASE OF LINERS

We were then free to go on to consider the main question of rebates, which are illegal, of course, in various portions of the Empire, and which, in the main, affect only the outward trade from this country to other portions of the Empire. The Committee came to the unanimous conclusion that in the case of liners—and this matter does not touch tramps—a quasi-monopoly, if I may be allowed to use the phrase, was essential to the maintenance of a permanent and healthly service. A railway has a physical monopoly except at certain points where it comes into competition with other railways, and when a Government gives statutory powers to construct a railway it is, within limits, granting a monopoly. Now, from its very nature, no traffic on the ocean can have a physical monopoly. The shipping of any country is free to come and cut in, to stand for business, at any port to which it is admitted; but a shipping line, a regular line of steamers, if it is to render the services that are expected of it, must put steamers on the berth regularly, in the slack season as well as in the good season, and must sail at the advertised date, full or empty. It is quite obvious, therefore, that the whole year's business must be the economic unit of liner business. If that is not so, then at the time of harvest the tramps will come in, will take the cream of the business, and will leave the lines to deal with the slack season. On such a basis, no liner company can possibly survive in the long run, and therefore,

though it was against the—may I use the expression—prejudice of a number of the members of the Imperial Shipping Committee, having heard all the evidence, having weighed up the whole position, they came to the conclusion that a certain quasi-monopoly was essential, and that, given the fluid conditions of the ocean and the unity of the ocean, that could only be arrived at by some tie of some description between the shipper who wished to ship parcels at any time by the liners and the owners of the line.

Now may I say at once that as between the North Atlantic and all the rest of the ocean there is a great distinction to be drawn. In the case of the North Atlantic your shipping is plying between two vast communities, and both of them wealthy communities. Take the United States and Canada, on the one side, with 120 million people, and Europe, on the other side, with 300 or 400 million people. Many things can be done on the North Atlantic which cannot be done in the rest of the world, and what I am now saying would be subject to very considerable exceptions if you were thinking of the North Atlantic.

THE TIE OF "LOYALTY"

As regards the rest of the world, we arrived at the conclusion that a certain tie—it was technically called of "loyalty"—was essential between the shipping line and the shipping communities which it served. But the deferred rebate was not the only possible tie, and we had brought to our notice a practice which had recently arisen in South Africa. There the granting of a deferred rebate has for some time past been made illegal, but a tie had been established between the merchant and producing community and the shipping lines by means of an agreement.

Instead of having a promise of a rebate to be paid to you after a certain period of deferment, provided you are loyal in the meantime, there was substituted an agreement whereby you sign a contract to remain loyal to the companies and to ship with certain exceptions, with the companies belonging to the Conference under the penalty of liquidated damages. So that there are two possible sanctions for loyalty. On the one hand is the promise of a rebate which you will forfeit if you are not loyal; on the other hand is the payment of damages if you fail to act up to your agreement to be loyal.

OPTIONAL SYSTEM OF REBATES OR AGREEMENT RECOMMENDED

We took careful evidence in regard to the South African practice. The shipowners were very tenacious, and we finally came to the conclusion that in view especially of the nugatory character of the recommendations of the Royal Commission, we would recommend the experiment of allowing an option, so that, on a given trade, shippers would have an option of whether they would commit themselves to the liner service which was catering for them by an agreement or by the system of referred rebates.

DANGER OF RATE WAR AVERTED

Well, Sir, our report was drawn up unanimously and was despatched to the Prime Ministers. We allow normally six weeks in order that the report may reach New Zealand, the most distant of the Dominions, before it becomes public. In that six weeks, one morning I read my newspaper at breakfast and I found that the Commonwealth Government Line had suddenly cut its rates, and that it was expected that within another day or two the Conference Lines would reply with a still more drastic cut; in other words, we were probably in for a rate war. This was in the middle of last winter. I at once felt that since

these two parties had been before us, and, indeed, were represented within the Imperial Shipping Committee itself, the position had an element of the ludicrous in it, and, in any case, was most undesirable. There was no time to be lost; issue had not been joined; that is to say, Conference Lines had not replied by cutting their rates. I therefore at once got on to the telephone and asked the two parties if they would meet me. I subsequently had condonation from the Imperial Shipping Committee. Well, Gentlemen, when they met I found that the issue between them was in regard to the detailed application to the Australian trade of the general principles that we had come to. My hope was to get a truce, and I trusted that if I could get a truce, the publication of our report would put such public pressure on the two interests that such a rate war would be impossible.

We sat for four hours, the ice was very hard and cold to begin with, but gradually the thaw came on, and finally the ice broke up and we achieved not a truce but a peace.

The other day, knowing that I was to speak to you, I thought it would be interesting to obtain from the two parties who are now friends, a statement of the present position, and I will read a letter which has been addressed to me by Sir Kenneth Anderson, the Chairman of the Orient Line, on behalf of the Conference Lines, and Mr. Eva, who is the representative in London of the Commonwealth Line.

"Dear Sir Halford,

"In reply to the question you have addressed to us, we are glad to say that the optional system of rebate or agreement, evolved in the Australian trade as a result of the enquiry by the Imperial Shipping Committee into the rebate system, is working satisfactorily. The form of agreement as originally introduced has already been signed by over 800 firms, and now that certain amendments are about to be made to meet the wishes of the Merchants' Association, and the document, subject to these, has been formally approved by them, it may be anticipated that the number of firms adopting the agreement alternative will be increased.

"Yours sincerely,

(Signed) "KENNETH S. ANDERSON.
"E. A. EVA."

There are about 1,500 firms shipping in this trade, I understand, so that already more than half of them have agreed to abandon the rebates and to accept the agreement, and since a further number are likely now to come in the amendments have been adopted only within the last few days I think it probable that at least three-quarters of the trade will avail themselves of the offer which we induced the two interests to put before them. I hope that the freedom which we obtained will have resulted in a settlement, at any rate in that trade, of this long-vexed question. I hope that the example may spread through the trade of the Empire generally.

VARIOUS MINOR COMPLAINTS DEALT WITH

Well now, Sir, a number of other and smaller questions were brought before us of the same character, dealing, that is to say, with complaints. The shipowners themselves having met us, and having learnt to trust us, came with their grievance, and we welcomed it as an indication of goodwill. Their first little grievance was that there was great delay in the bunkering of ships in Calcutta. We were able to make representations, and I understand that things are better. Then, Sir, certain shippers of rice from Rangoon came to us on the ground that

the shipowning agents in Rangoon, being also concerned in the merchanting of rice, were discriminating against certain rice merchants. We made certain representations there which, I believe, had some effect.

In East Africa the merchants had some differences with the Lines serving the East coast of Africa, and as chairman of the Committee, I met a Conference representative of the various interests. It soon became apparent that we were dealing with a chaotic condition of affairs, and that the shippers in East Africa had no sort of association. I took it upon myself to tell them that until they had formed an association they did not deserve to carry weight with the shipping companies. I understand that an association has been formed and has been in negotiation with the shipping lines.

In the case of certain of the West Indies, we were appealed to to obtain reductions of freight, and I am glad to say that in certain cases we were able to induce the shipowners to listen to the complaint; in other cases we were not able to effect a reduction, but a full statement of the reasons why it could not be given was communicated to the commercial units concerned and we heard no more.

Much the most important of these minor cases concerned New Zealand. The New Zealand Government sent to us the finding of a Select Committee of the New Zealand Parliament in regard to the freights charged for cargo on the voyage from New Zealand to this country. Well, Sir, we went into this question, and we made a report to the New Zealand Government. We came to the conclusion that, as regards the six months that we investigated, under all the circumstances holding after the war, we could not find that the charges had been excessive, but we took the opportunity to point out some of the reasons why high freights had had to be charged on the homeward voyage, in the case especially of New Zealand, and in a less degree of some other countries.

THE ROUND VOYAGE THE ECONOMIC UNIT

Perhaps I may spend just one moment on that matter, because it clears up a good many others. As regards tramp economies, the round voyage must be the unit. Unless a tramp can obtain a cargo outward she cannot give favourable terms for cargo homeward. The most striking case of that occurred soon after the war, outside the Empire it is true. Wheat had to be brought home from Argentina. At that time we were exporting little or no coal from this country. Practically the whole of the cost of the voyage had to be thrown on the import of wheat from South America to this country. When the export of coal from Great Britain was resumed, freight on wheat homeward was halved. Well, that holds generally. In the case of the liner it also holds, but with the further addition which I have already mentioned, that there you have to consider good seasons and bad seasons, because the liner must sail, full or empty, and therefore the round voyages of the whole year must be taken into account when you come to deal with the liner.

THE QUESTION OF TERMINAL CHARGES

Not only must you have cargo to carry both ways but you must also have terminal charges reduced to the lowest. I have here, and I dare say members of the Conference have received from the Chamber of Shipping, a series of three resolutions with regard to high Port Charges, Light Dues, Pilotage, and Quarantine Expenses, at the Australian Ports, with regard to Light Dues levied by State Governments in Australia as distinct from the Federal Government, and with regard to Light Dues in New Zealand. Well, Sir, the questions are of an intricate character, and I am going to throw out the suggestion that, perhaps, Mr. Bruce

himself, or if he is too busy he will nominate someone else, would like to meet some representatives of the Chamber of Shipping, and if so I would organize a little meeting in order that these very detailed questions affecting not the whole Empire, but a particular portion of the Empire, might be gone into in a practical way. Perhaps, Mr. Massey would do the same thing with regard to New Zealand. It seems to me that that would be the shortest way, and, perhaps, as chairman of the Imperial Shipping Committee I might know whom to get together.

THE RELATION OF MIGRATION TO SHIPPING RATES.

There are, of course, other matters which have to be borne in mind. Emigration bears a very important relation to the cost of the round voyage. Migrants, settlers, take the place of cargo. I have only this to say from a shipping point of view with regard to Empire Settlement, and that is that the steadier you can make the stream of settlers, the cheaper you will get them transported. The shipowner who is taking settlers out from this country has to fit his ship, and the fitments are, of course, up to a point expensive. If a shipowner knows that he can expect for a considerable period a steady flow of settlers, he will go to the capital expenditure that is necessary to give the accommodation, and his ship will be so fitted, no doubt, that it will be able to carry cargo back in the space occupied by settlers on the outward voyage.

COASTING VOYAGES

Then, Sir, there comes the question of coasting voyages. Now obviously no Imperial Committee is a suitable body even to investigate such a question as coasting voyages, which belongs to the jurisdiction of the different portions of the Empire, and therefore I have merely to point out that if regulations are adopted which have the effect of excluding ocean shipping more or less completely from the coasting traffic, that means, of course, that the ships are not earning on the round voyage all that they could earn. They are going partially empty it may be through a certain portion of the voyage and, therefore, the cost of the voyage has to be spread over the remainder. I do not venture to say more on that subject, but I do point to it as one of the elements.

HIGH PORT CHARGES

And lastly, there is, of course, the high cost of certain ports. On that point I would venture to quote the report which is going to be presented to the Prime Ministers. It was adopted by the Imperial Shipping Committee on Monday, and is going to be presented as soon as it can be printed. I would venture to quote one paragraph from it; I do so because it was carefully drawn up, and I think it probably puts the matter more tersely than I can put it now:—

> "It has been pointed out to us that where a percentage charge by way of tax is made upon the freight and fares from a given port, that charge becomes almost inevitably a part of the port charges, which charges are always taken into account by a shipowner when comparing the competitive value of the various freights open to him."

(The question being: Shall I send my ship to this port or to that port?)

> "Such a tax may, in fact, act as a repellent reducing the amount of tonnage offering at a given port as compared with other ports, and thus placing the producers who ship through that port at a disadvantage with other producers in the world market."

The report will be in print in a very few days.

I have gone into these matters I am afraid at some little length, because almost all these complaints in regard to the homeward voyage to the United Kingdom involve the question of high freights. We are convinced broadly, and apart from particular cases, that in the present state of the shipping world when you have some ten million tons of shipping laid up, it is the cost of the service and not the enjoyment of monopoly which is the governing factor, particularly in regard to the freights charged. I do not say that that would always be so and under all conditions, but in the present situation it is so. What you have to take into account is the round voyage, and if you are going to get a cheap voyage home you have got to consider the whole of the economies involved, the effect of tariffs in checking cargo outward from Europe, the effect of emigration in giving you settlers taking the place of cargo, the effect of exclusion from coasting leading to the fact that your ship goes partly empty through a portion of her voyage, the effect of terminal charges and of taxation raised on a percentage basis.

THE QUESTION OF SUBSIDIES

Now I turn to the other side of the question, and with that I need not deal at quite the same length. We have to consider how we can better the services within the Empire as well as remove sources of friction. Mr. Hughes, at the last Imperial Conference, brought that matter very urgently before me in the discussion which took place, and I asked him whether he would send me an official Australian request for us to investigate the question which he had raised, namely the subsidy necessary in order to give Australia a faster service of steamers. I pointed out to him that such a committee as the Imperial Shipping Committee, consisting of important and busy men, could hardly be asked to investigate any proposition that might be put up by any individual idealist throughout this Empire. Any proposition that came before the committee ought to be brought before it responsibly by some government or organization which considered there was a *prima facie* case. He agreed, with the result that we received a request from the Australian Government. We went into the matter and we have presented a report to the Australian Government which has also been circulated to the other Prime Ministers of the Empire. We came to the conclusion that we could not give a specific answer to the question which was addressed to us. Things are still too much in a state of flux in the shipping world for it to be possible to give any precise estimate in regard to a subsidy which would remain true over any perceptible time, and apart from that, any such subsidy would be a matter of bargain. But we did give a general indication of the kind of subsidy that would be necessary.

THE VERY BIG SHIP

We went into the whole matter, and as you are aware we came to the conclusion that the very big ship which had been so often suggested was not the solution. The Dominions Royal Commission recommended that very big ships should be built which could carry large quantities of cargo cheaply. We came to the conclusion that the Dominions Royal Commission had omitted one fact, and that is that large quantities of cargo must be forthcoming within a very short time, otherwise your very big ship would spend most of her time in port waiting for the cargo to accumulate. Now as we have indicated, on the outward voyage from this country, manufactured articles being sent out, the ideal system would be an endless band upon which small parcels would be going out all the time just as they are cabled for from the market at the other end, the result being that you would get cheaper articles

because there would be no capital charges, no charges for storing and for the risk of storing manufactured goods at the other end waiting for the market to ripen.

SUBSIDIES OUT OF THE QUESTION

Having discarded that, we were then driven to the conclusion that the present position was necessarily unsatisfactory and that nothing but a very large subsidy would give you a satisfactory service to Australia which was wholly a shipping service. On the North Atlantic you have such a vast trade that you have been able to differentiate. You have got purely passenger lines. You have got cargo vessels that may carry a few passengers. You are able to carry passengers as fast as they can be carried if they will pay for it. You are able to carry the cargo as cheaply as it can be carried if you go at the economic pace. But when you come to deal with such a country as Australia or New Zealand, and the two countries together, remember, have only seven million people, though it is quite true that they do the largest oversea trade, I believe, per head, of any part of the world, the first-class passenger question becomes very difficult. There are but a limited number of first-class passengers available for the steamers on that trade, and unless you are to charge a prohibitive fare for the voyage you must have a very heavy subsidy if you are to have a ship specialized for passengers. But if she is not to be specialized for passengers, if, as is the fact everywhere except on the North Atlantic, she is to carry passengers and cargo, then she must not carry cargo at a prohibitive rate.

Well, the result is that the shipowners in such a trade as the Australian and New Zealand trade are in an impossible position. On the one hand, they are asked by Prime Ministers and others whose time is of high value to give the quickest possible voyage between Australia and this country. On the other hand, they are pressed by those same Prime Ministers, acting on behalf of their producing community, to give the cheapest possible freight for cargo. No satisfactory compromise is possible, and we came to the conclusion that, since in the present financial condition of the world it was extremely unlikely that the Governments of the British Empire would pay such a subsidy as would pay for the building of purely passenger ships and would guarantee to their owners a long term of use, since we came to that conclusion, the only thing to do was to seek some other solution.

SCHEME TO SAVE A WEEK

We came to the conclusion that the only way in which you could hope to carry passengers and mails rapidly within the next few years from certain portions of the Empire to the central parts of the world would be by a combination of air, sea and land, and we have proposed to you a system whereby you will save a week in the carriage of mails and first-class passengers between London on the one hand, and Melbourne and Sydney on the other hand. You are to save four days by airship from this country to Egypt, two days on the Indian Ocean by speeding up a little the steamships on that ocean, and one day by saving a certain amount of time which at present is lost at Fremantle before the train starts, and perhaps a little on the trans-continental journey. I can assure you, as one who has sailed for a certain distance in an airship, that it is the most comfortable form of travelling that ever was imagined quite different from aeroplane travelling.

There may be technical difficulties to be got over; that is not the business of the Imperial Shipping Committee; we take the advice of the Air Ministry here. On all technical air matters we should not presume to express an opinion.

But the net effect is that we have made that report, and, as has been stated in Parliament here, the British Government have accepted the portion of it which refers to airships, and I understand that, subject to endorsal and perhaps to negotiations in this conference, the endeavour will be made to supply that service at no distant date. Shipping companies on the Indian Ocean have already shown what they can do in hastening up their steamers, and I venture to say on behalf of the Committee that we hope it will be considered that we have done a more practical thing in trying to save a week in that way than by suggesting to you what was originally put to us, namely, that you should pay a subsidy sufficient to give you a service of steamers comparable with the service of steamers which you find on the North Atlantic.

MINOR QUESTIONS DEALT WITH

Now, Sir, there were a number of minor questions. They are always coming before us—on this side of our reference. We have been asked, for instance, in regard to a lightship on a particular reef off Ceylon; we brought the matter to the attention of the Ceylon Government. We have been asked with regard to a wireless installation on a pilot vessel off the Hooghly; we referred the matter to the Indian Government. We were asked to improve the steamer communication between Cyprus on the one hand, and the United Kingdom and Canada on the other hand; we were able to effect an improvement; shipowners agreed to visit Cyprus and to give the service. We were asked to see what could be done to improve the shipping communication between India and Seychelles; we made recommendations, and I understand that improvements have been made. We were asked to do what we could in the case of the Falkland Islands, but I am sorry to say we were obliged to tell the Falkland Islanders that under present conditions they must be content to go by the West Coast of South America.

The Colonial Office consulted us with regard to the harbour at Kingston in Jamaica. They had before them the recommendations of the Dominions Royal Commission, based on the probability of large ships, and they wished to know whether they were to make a harbour at Kingston which would be suitable for such great ships. We were able to assure them that the position had so far changed that we did not think the very great ship was the problem it was at one time thought likely to be, and in any case the time of building such a great ship would be such that there would be ample time to improve the harbour of Kingston.

THE ASSESSMENT OF SHIPPING TO INCOME TAX

Now, Sir, broadly, the position is that British shipping to-day is struggling. The mercantile marine of the Empire proved its value from the point of view of defence during the war. There is an excess of tonnage in the world to-day. Very small profits are being made by the shipowning community. There may, of course, be exceptions. Therefore, we have ventured to hurry forward for your attention a matter upon which we were asked to report by the Chamber of Shipping of the United Kingdom and by the Liverpool Steamship Owners' Association. It regards the levying of income tax on shipping throughout the Empire. I am not going into detail; the detail will be presented to the Prime Ministers as soon as ever the printers will supply us with copies of the Report. We have not ventured to make a definite recommendation, but we have presented certain alternatives. We have not ventured to make a definite recommendation for the reason that there involved purely financial questions, questions of the amount of revenue which different parts of the Empire thought it necessary to raise, and we

did not feel that it was right for us to go into that. But, broadly speaking, we have arrived at the conclusion that the variety of methods of assessment throughout the Empire is, in fact, an impediment to commerce.

The Imperial Shipping Committee sits regularly, and I believe that it has this great advantage—I claim it—that whereas a Royal Commission or other body has this question or that question referred to it and is an *ad hoc* body, and has as such to go into all manner of preliminary matters, we have a group of gentlemen who are in the habit of acting together, who have acquired the habit of unanimity, who represent different parts of the Empire, and who can shorten investigation because they are able to take a great many things as already proved.

The CHAIRMAN: I am sure the Conference is very much obliged to Sir Halford for his important statement. The account that he has given of the work which the Imperial Shipping Committee has done, and is doing, proves the wisdom of those Dominion representatives who wisely pressed for its formation.

DISCUSSION ON SIR HALFORD MACKINDER'S STATEMENT

Mr. GRAHAM: Mr. President, the Report is very interesting and I join with you all in saying how much we are indebted to Sir Halford Mackinder for it. It is true that the larger things in it refer mostly to Australia and New Zealand, but this does not make it any the less interesting to other Dominions so far as the general principles are concerned. I will just mention one or two things referred to by him. He mentions small ships and the wisdom of having these small ships utilized. Just for general information, if any portion of the British Empire desires a number of small ships, I could indicate where they could procure them at a reasonable price.

SHIPPING PROSPERITY DEPENDENT ON EMPIRE DEVELOPMENT

It is true that the forwarding or shipping business is not in a prosperous condition. It might be said perhaps that few businesses are, but the aftermath of the war seems to be reacting against the shipping business perhaps more severely than any other, because it can only depend upon commerce and plenty of it. Notwithstanding the fact that it is not prosperous, the rates are considered by the shippers too high, and the great difficulty is in straightening out this divergence of views without altogether ruining the shipping business. The Chairman of the Imperial Shipping Committee has rightly said that you cannot get reasonable rates, much less cheap rates, unless you have a cargo both ways; so that, as he remarked, the success of shipping depends, as the solution of nearly all our other troubles depends, upon the development of the outposts of the British Empire, so that we shall be able to have cargoes not only one way but both ways. With us it is just the reverse of the situation commented upon by Sir Halford. We can get a cargo to Liverpool, but we fail to get a full cargo back. Consequently, we are in difficulty a good deal of the time.

DIFFICULTY OF APPLYING PRINCIPLE OF "LOYALTY" IN CANADA

Sir Halford has mentioned the question of "loyalty"; that is "loyalty" in its technical sense, as referring to shipping. In broad terms that is loyalty to the Company that is doing your carrying business; it is not fair to give one person the lean end and give some other person the remunerative part of your business. The reverse strikes us in Canada, and we had a Parliamentary investigation last session. The Canadian Merchant Marine was roundly con-

demned because its manager, or one of its representatives, "sat in" with representatives of other companies to discuss the best means of carrying on the shipping business. We were at the reverse end of this principle in that our people were objecting to the Government-owned Transportation Company having any dealings with the Samaritans at home, the shipping companies. I have rather taken the view, which I think is the right one, that when a Government goes into a pure business venture, it must do as other people in the same business, or it is not competent to carry on the business. However, I want to point out one of the difficulties that might arise if we attempt to apply that principle of shipping loyalty in our country.

DEVELOPMENT OF CANADIAN HARBOURS

With reference to the harbour dues and charges, we have expended very vast—almost fabulous—sums upon developing the harbours of Montreal and Quebec on the St. Lawrence, Halifax and St. John on the Atlantic, as well as internal harbours, and at the present moment are developing the Vancouver harbour. Prince Rupert, one of the finest natural harbours in the world, is yet to be developed on the Pacific. It may be of interest, but I do not want to detain the Conference long, to point out that a new sea path from Canada to the British Isles has been opened up since the opening of the Panama Canal, and traffic in farm products, particularly wheat, is starting from a certain dividing line in Western Canada towards Vancouver and the Pacific, where it originally went to Montreal and Quebec and Halifax and St. John on the Atlantic. This year there have been shipped through the Vancouver port something over 20 million bushels of wheat. The Federal Government loans the money for these, on which the Harbour Commissioners pay interest; so it may be that you will have to approach that question of restriction which Sir Halford raised, with a little caution, lest it might result in slowing up the development in these harbours, which has been very extensive, but which we hope will repay in increased Empire traffic in addition to the international traffic.

DISCRIMINATION AGAINST CANADA IN BRITISH SHIPPING RATES ON FLOUR

Now I come to just two things which are of great interest to us, and perhaps some person in the discussion when we meet again can give me a little light upon them. In the first place this applies to ships registered in Great Britain —a cheaper rate is given on flour, for example, from New York than from our Canadian port of Montreal. That was a question which was threshed out largely in a committee of Parliament last session. I only yesterday received a cable from the Minister of Trade and Commerce including a complaint from the millers of the Dominion of Canada, that the Canadian shippers are being discriminated against this way. They can send their flour to New York by rail over an American railway and get a cheaper rate from New York than they can from Montreal. As a result, the Canadian miller in shipping from Montreal is under a handicap, and if he ships via New York not to be under a handicap he injures the Canadian railways. There should be some possible way by which at least those within the Empire might get as favourable a rate from their own ports as from the ports of a foreign country. It might be argued that if the Americans were giving a cheaper rate on American flour only, than was given on Canadian flour from Canadian ports, it would be in defence of their own milling industry, but they carry Canadian flour from their own ports at a cheaper rate than from Canadian ports.

THE CHAIRMAN: Are you able to say, Mr. Graham, whether these lower American rates, the New York rates, were brought in by the United States Lines

and whether our lines had to conform in order to keep a share of the trade? The fault may lie in the fact that, the United States backing their shipping lines with subsidies and so on, the United States Lines have quoted these rates and that anybody else who wants to get any carrying trade there has to conform to them. We could go into that.

INSURANCE RATES ON THE ST. LAWRENCE ROUTE

MR. GRAHAM: It is a matter for investigation. The other question of great importance to us is the matter of insurance on the St. Lawrence route. The Canadian route is discriminated against on account of extra insurance imposed on traffic going through the St. Lawrence. We maintain that that is altogether unjust and the Canadian Federal Government has spent very very large sums in making the channel safe through to Montreal. It has the depth, and is well lighted, and we want to urge as strongly as possible that the rates against traffic from the Dominion of Canada, as compared with the insurance rates from New York and other American ports, are altogether unjust. In fact, We have come to the point in Canada, this is not a threat at all but just a statement of the plain situation—that if these insurance rates cannot be adjusted we are inclined to form a Company of our own to carry the marine insurance now carried by other organizations.. In the merchant marine, I might, say in evidence of our faith in the channel, we carry no insurance whatever. We adopted the policy last year after investigation over a period of years, that the amount of insurance paid on the vessels themselves (I am not speaking of the cargo now) has so far exceeded the amount it has cost to carry the insurance that it is a splendid investment for the Canadian National Railway and the Canadian Government to carry the insurance themselves and that is being done.

SIR HALFORD MACKINDER: That would be the case with a certain number of the great companies carrying on shipping here; they insure their own vessels.

MR. GRAHAM: These ships ply the St. Lawrence route, many of them, and we consider the insurance rates imposed on the traffic through that route altogether out of proportion to the amount required to carry them and leave a good margin of profit.

The discussion was continued at the Eleventh Meeting of the Conference, on the 18th October, 1923, as follows:—

MR. BRUCE: Mr. President, we are all very grateful to Sir Halford Mackinder for the very lucid and informative statement he made to us yesterday afternoon. He covered all the activities of the Imperial Shipping Committee since its establishment, and after having heard what he said and having studied the various reports that the Committee has made, I think we must come to the conclusion that this Committee has rendered very great service to Britain and all the Dominions. As far as Australia is concerned, I desire to express our very great appreciation of the work they have done and the manner in which they have carried out the duties that were allotted to them. The appointment of the Committee was something that almost approached an inspiration; and Mr. Massey, who I understand took a very great part in it, must be very well satisfied with the result of the appointment of the Committee he was so instrumental in bringing about. The work of the Committee has certainly been done in a way which inspires very great confidence. They have managed to obtain the goodwill of all the persons connected with the great shipping industry, and knowing, as most of us do, the suspicions that were entertained with regard to this Committee by those directly concerned

with shipping. I think it is a very great achievement that they have been able to still those suspicions and to create an atmosphere of goodwill with the people with whom they have had to deal.

The question of shipping is, of course, quite vital to the whole Empire, and it is particularly vital to Australia because we are so far away from the markets in which we have to dispose of the greater part of our production.

BILLS OF LADING.

The first question that Sir Halford dealt with was that of Bills of Lading. None of us who have had any commercial experience at all, can have any doubt as to the great benefits that will result if, as appears now to be almost certain, an international basis for Bills of Lading is adopted. The question has been a very burning one for many years, and it became particularly acute during the period of the war. There are two aspects of it, of course. There is the point of view that if you have varying terms in Bills of Lading, that is only another way of promoting competition between the different shipping agents. There is also the point of view of the shipper that his interests have to be safeguarded. Most of us remember the struggle that went on as to the shipping companies' liability and the amount at which that liability was to stand, and the more or less satisfactory conclusion that was arrived at after a good deal of negotiation and something nearly approaching to a fight.

DEFERRED REBATES.

The next point was the question of Deferred Rebates. The position was a very difficult one, and the Commonwealth Government Line was to a certain extent instrumental in bringing this whole question under notice. I think it is very satisfactory that, as a result of the efforts of the Shipping Committee, the trouble which at one time was very acute has been settled. If there were war between two great forces such as the Commonwealth Line and the other shipping lines, the position would be very detrimental to the interests of the shippers themselves, but it is very difficult to make a fact like that clear to the people generally in any country. In Australia we have exactly the same feeling as Mr. Graham indicated exists in Canada. There are grave suspicions about any arrangements arrived at between shippers, and there is always an idea that such arrangements will operate very detrimentally to the interests of shippers by the different lines. If there had been no Shipping Committee, and this matter had been settled without an exhaustive examination of the position by a body that really carried weight in the Dominions, I am afraid we never should have been able to allay the suspicion in the minds of the people; but with this very authoritative pronouncement from the Shipping Committee I am confident that that suspicion will disappear, and we shall not be forced into a position in which no arrangements could possibly be permitted—a position which would have resulted in very serious detriment to the interests of those who have to ship.

THE QUESTION OF FREIGHT CHARGES.

The whole question of getting cheap freights is one of the greatest possible interest to Australia. It is very difficult to make the people of Australia understand that cheap freights are dependent to a great extent upon the possibility of running ship services on a profitable basis, but it is also very difficult to make them understand that an arrangement between shipping companies may possibly have the result of giving them an improved service and cheaper

freights. I think the Shipping Committee has done a great deal to assist us in bringing that fact home to the people in Australia, and for that we are very grateful to them.

VALUE OF COMMITTEE FINDINGS FROM POLITICAL POINT OF VIEW.

Nowadays, everything lends itself to political agitation; and if you have objections coming in continuously with regard to freights, and suggestions being made that freights are unduly high, it inevitably leads to a certain stagnation of effort by the people, and is apt to undermine their independence; because they consider if that sort of thing is happening they are justified in coming to Governments and asking for government assistance. If they see that they are not being unduly exploited with regard to freights, they go forward in a more contented spirit, and with better results. For my own part—and I am sure this view would be very strongly held in Australia—I should very much like to know that there is some body whose findings could be relied upon, and to whom any question of this description could be referred.

PORT CHARGES IN AUSTRALIA.

The other points raised were with regard to certain factors which may add to the cost of freights in Australia, in particular, the question of port charges was raised. That question is one to which we have also given very serious consideration. The Shipping Companies issued a Memorandum setting out the port charges in Australia, comparing them with the charges in other ports of the world and dealing with specific items, such as lighterage, light dues, pilotage and other handling charges, in the different ports. In May of the present year we had a Conference between the Commonwealth and all the States, at which the States were represented by their Premiers, and this question was raised by the Commonwealth. We set out the whole position in an exhaustive Memorandum, and at the Conference the matter was considered and certain definite conclusions were arrived at. The most important of those conclusions is one that I will read to you. I personally was speaking and I dealt with several questions that had to be considered, including coast light, and I said this:—

> "Can we subscribe to the principle—which the Commonwealth is prepared to do—that a profit should not be made out of harbour charges, naturally affecting freights which, as I have stated, are a most important matter to Australia? If revenue has to be raised, it is very desirable that it should be derived from some other source."

To that proposal of mine the States all assented, so that we have now got to a point which I think is very important that every one of the Governments in Australia have subscribed to the proposition that revenue should not be derived from this particular source, and the charges in our ports should be limited to the pure costs of providing the services which are required by shipping entering into our different harbours.

LIGHT DUES

The main question, which was discussed at very great length, was with regard to the lights around the Australian coast. The position with regard to those lights is that up to 1916 they were the responsibility of the different States, but in that year the Commonwealth Government took over all the ocean lights and the States only retained the harbour lights. The proposal we made to them was that we should take over the whole of the lights so that there would be no justification or excuse left for the States charging any light dues at all.

That I think will be agreed to, but it is not finally determined yet. It is important that something of the sort should be done, because, although the States have been relieved of practically the whole of their responsibility in connection with lighting, they are in most cases still charging, either the same amount as they used to when they were responsible for the whole of the lights, or a figure which is still quite substantial.

Sir Halford made a suggestion that perhaps it would be a good thing if I, or somebody else representing Australia, met the shipowners—I should be very glad indeed to do that, and I think it would be most appropriate if Sir Halford, as Chairman of the Committee, would be good enough to arrange the meeting.

THE COMMONWEALTH NAVIGATION ACT

As to coastal trade, in Australia we have a Navigation Act of our own in which we lay down certain standards for ships trading around our coasts. The Navigation Act was passed by Australia with a view of trying to establish a Mercantile Marine of our own, and I am sure the First Lord of the Admiralty will agree with me that to have a Mercantile Marine of our own is very desirable. We have heard many complaints as to the provisions of our Navigation Act, but you must take it that Australia is quite determined that she will have a Navigation Act of her own, and try to create a Mercantile Marine of her own. However well designed any Act may be, there may be some things in it which do not really help to achieve the objects aimed at, and may even be detrimental to them.

At the end of the last Session of Parliament we appointed a Royal Commission, which is sitting at the present time, and which should report very soon after Parliament meets again in the New Year. The purpose of the Commission is to consider the whole incidence of the Navigation Act, and to report generally upon its effects on Australian trade; so that all these questions are very much under consideration at the present moment.

ASSESSMENT OF SHIPPING TO INCOME TAX

The question of income tax was also dealt with, and we are prepared to discuss income tax or any other charge that increases our freights, but the question is not quite so simple of solution as some people seem to suggest. Australia at the present moment has one principle in regard to income tax; and that is, that she collects income tax on all income derived within her borders; but we do not charge income tax on income derived outside. I think that is a fairly reasonable attitude to take up, and it is a fairly logical one. Britain, of course, takes a very different view. She follows for income tax purposes income earned anywhere, whether inside or outside her borders, provided it is the income of a person who is a British domiciled resident. In Australia we do not; we confine ourselves to collecting income tax on income derived in Australia. Now there is no question but that part of these shipping profits is derived in Australia; and it would mean a complete departure from the basic underlying idea of our income tax rating if we agreed to abandon the taxation which we levy upon shipping in our ports. Still, if it will achieve any real result, we are quite open to discuss any method of adjusting this matter between the Governments concerned. But I ought to make it quite clear that at the present moment the Australian Government would be very reluctant to subscribe to the principle that, for example, British registered tonnage, which possibly is owned by a British Registered Company, should be freed from all taxation in Australia, although earning profits there, and that the British Government should solely collect that tax.

A RECIPROCAL ARRANGEMENT

The CHAIRMAN: Would that apply, Prime Minister, to the new proposal which is that we should reciprocate and that we should collect tax on our Companies leaving yours free of taxation on profits earned here and grant on to the ordinary taxation the special exemption in the case of shipping by reason of its special difficulties?

Mr. BRUCE: We might be open to consider that but, of course, a moment's reflection will show that it is an entirely one-sided bargain. If you look at the registered tonnage of British shipping, and then look at Australia's magnificent mercantile marine, and discuss it on the basis of a reciprocal arrangement, you will see there is a very large benefit in one direction and a small one in the other. We are perfectly prepared to consider whether there is any reciprocal arrangement we could come to in regard to it; but at the present moment we cannot quite see that shipping companies should come into our waters and derive profits there, without our getting any revenue at all from them. As to the suggestion that we take an arbitrary rule as to what the profits are, it is almost impossible to avoid doing something of that sort; but we are quite prepared to consider whether we are taking an unfairly high standard of profit in assessing companies. We have I think shown very recently that we are not taking up any unreasonable attitude on that point. We used to charge on the basis of 10 per cent on the takings, but in the Income Tax Act of last Session we have reduced that to 7½ per cent, and we are still open to consider whether that is too high or whether it is a fair basis. In regard to the past, I think that, up to the time when the shipping slump occurred, the shipping companies have no very good grounds for any great objection to what we did. I have considerable sympathy for them as regards the period which followed after the shipping slump took place, but over the whole period during which they have had to pay, I must say I do not think they have been very unfairly treated. I have explained the principles of the taxation; and, as to the amount, we are quite open to listen to any representations, our whole object being to try and ensure that we shall get for Australia the cheapest possible freight.

THE PROBLEM OF IMPROVING THE SERVICES

The only other point I want to deal with is the other side of the picture which Sir Halford dealt with; that is, what can be done in the way of bringing about any improvements. I do not think the importance of the report which was made by the Committee, as a result of the direct request of the Australian Government, can possibly be exaggerated. It has been rather usual to draw pictures of our great distance from the markets we have to trade in, and to stress the importance of accelerated services. Nobody would for one second argue that that is not a very proper attitude to take up, but what you desire to achieve must be conditioned by what is possible to do. Take the Report of this Committee. I am quite sure that in Australia, at all events, this cry would have been raised year by year, almost week by week, and there would have been no authoritative answer to give, and no means of showing what was possible and what was not. But this Report, with the great weight that it has behind it, will be of the greatest assistance in bringing home to the people of Australia exactly how far it is possible to go in this direction, and what is quite out of the question to attempt to do.

There are many factors concerned with it. The economic size of vessels, it has been pointed out, depends upon the cargoes that are offering; and I think the conclusion arrived at by the Committee is sound, that, as far as cargo and

passengers are concerned, it is not so much a question of the speed, but the certainty and continuity of the service. But that point is dealt with in the fullest manner by the Report, and it does show that both as to size and as to speed it is necessary to consider whether it is economically possible either to build ships of a much larger size or greatly to increase their pace.

Personally, I agree entirely with what has been found by the Committee. The only thing that has left a doubt in my mind, which perhaps Sir Halford Mackinder will be able to clear up, is that after exhaustively reviewing the position and showing all that can be done—including an acceleration of the speed during the sea passage part of the transit—we arrive at a position where the total time occupied is one day longer than used to be the original practice for making this journey. I have no doubt there is an explanation, but at the moment I am not very clear as to what it is.

I wish to deal with one other point with regard to that particular Report. It is very useful to have it shown that as far as passengers, with very few exceptions, and cargoes are concerned, any expedition which could be achieved would certainly not compensate for the increased cost and the uneconomic basis of the service. It would not justify the enormous subsidies that would have to be paid by the Governments concerned.

MAIL SERVICES

With regard to mails, while they are not to-day as important as once they were, because we rely much more upon cable communication and wireless for all matters where great expedition is required, it is essential that we should have the most accelerated mail service that we can get. The suggestion is to accelerate the mail; and the greatest acceleration we bring about is by an air service between Egypt and Great Britain.

CONTINUANCE OF IMPERIAL SHIPPING COMMITTEE

The other matter that we have to consider is the question of the continuance of this Committee. I know that on a previous occasion Australia took the view that the matter should be further considered before any definite decision was come to, but I think that was to a great extent due to the fact that the Committee had yet to prove its real usefulness. I think it has now quite proved itself to be invaluable from the point of view of the Empire, and, on behalf of Australia, I am prepared to say we desire this Committee to continue and to be placed upon a permanent basis.

The functions which it has to perform will, of course, depend upon circumstances as they arise.

COMMITTEE SHOULD CONTINUE AS AN IMPERIAL BODY

On none of these questions will this Committee be in any sense dictating to the Governments. It will merely be giving an authoritative opinion which should be of great value to the different Governments in forming their opinions upon matters that they have to decide. I believe there is an extraordinary amount of useful work that this Committee can do, particularly having regard to the fact of the paramount importance to the whole Empire of shipping communication and shipping facilities for our inter-Imperial trade, which we all hope will be very greatly extended in the years that are coming. I think that it should be a truly Imperial body; and the only basis upon which we would consider it was a right and proper thing to continue it permanently would be that it should be really an Imperial Committee which has its responsibility to the whole of the Prime Ministers or to the Imperial Conference, and not to any individual part of the Empire.

Mr. MASSEY: I want to commence, Mr. President, by congratulating Sir Halford Mackinder and expressing my appreciation of the very fine statement which we had from him yesterday, and also in regard to the good work which the Committee has done; and here I feel that I ought to make a confession. For some time after the Committee was set up, I was somewhat doubtful as to whether very much good would result, either to the people overseas or on this side of the world. My doubts have been quite set at rest by the statement that was made yesterday, and I am very glad to be able to admit it. It is quite evident now that British citizens on all sides of the world are beginning to realise that as the ocean is our national highway – and it is undoubtedly—it is just as important that we should make the best use of it, just as we do in connection with our railways and roads.

VITAL IMPORTANCE OF SEA COMMUNICATIONS

It was a very important principle in the old Roman days of settlement, that when people became possessed of new territory the first thing they did was to make good roads, provide means of access, not only for the Romans themselves, but also for the people of the occupied country, and undoubtedly it was a good principle. We have only to look to-day at what has been left behind, at the roads we are using to-day. I am referring to this as an instance of foresight on the part of a people who were undoubtedly successful in colonising. If it were necessary for them to provide the best roads possible, then we must do the very best we can so far as the ocean highway is concerned by providing and getting the best means of sea communication that is possible, because there is no question about it, that improved shipping services and reasonable freights go a long way towards promoting the prosperity of the countries concerned. I speak feelingly because our prosperity in New Zealand depends upon our getting shipped the primary products for which New Zealand is so justly noted.

I was very glad to hear the very considerable improvement that has been made in the somewhat difficult question of Bills of Lading and Rebates. I know that the question of Rebates, as they stood for a long time past, caused very strong feeling in New Zealand, and if the agreements which appear to be taking the place of the Rebates work satisfactorily—as I hope they will—then I think we have heard the last of the trouble with regard to Rebates for some time to come. The Shipping Committee seems to have found a solution of the difficulty, and I congratulate them thereon.

A NEW ZEALAND FREIGHT DIFFICULTY

Now one of our difficulties—and I am still thinking of freights—and it is extraordinary that it should be so, is that nature has been particularly generous to New Zealand in the way of providing harbours. The coasts of both islands are indented with harbours, and even where the population is sparse good harbours are to be found. Now, that raises this difficulty. Where these settlers are producing mutton and wool, say, they produce a few thousand carcasses of mutton or lamb, as the case may be, or a few hundred bales of wool, they insist upon the large steamers coming into their port to lift their meat and wool. That is very convenient to the settlers, and indeed, it would be an awkward proposal to say the ships should not call, if they are willing to do so; but in actual practice a great deal of time is lost. The time of these big ships of 12,000 tons is estimated at £300 or £400 a day. It means, therefore, that the settlers or the people in more closely settled parts of New Zealand have, under existing circumstances, to pay, in the form of higher freights, for the time occupied by the ships in travelling round the coast.

It is a difficult question, and, as far as New Zealand is concerned, I am afraid it is getting worse because we have many of these small harbours which are being improved at the present time. I know harbours in New Zealand—New Plymouth and Wanganui—where fifteen or twenty years ago they never dreamed of ships up to 10,000 tons entering, but they do so now. They appear to be quite successful with them. Those things, of course, increase the difficulty, but in spite of that I am glad to be able to say—and I want to give the Committee credit for the work they have done in this—that there has been a very important reduction of freights during the last twelve or eighteen months.

RECENT FREIGHT REDUCTIONS

I have not got the figures by me at the moment, but speaking approximately I believe that the reduction of freights to exporters from New Zealand has not been less than £1,000,000 per annum during the last twelve or eighteen months. That means that the price they receive for their products is increased by that amount, and it is a very fine thing for them, it is a good thing for the country, and undoubtedly encourages the settler and producer. There is a little more to be done in this connection.

THE MEAT EXPORT CONTROL BOARD

I ought to mention that a very successful organization has been established in New Zealand itself, part of whose business it is to look after shipping freights. I am now speaking of the Meat Export Control Board. That Board has been in existence, I think, for about two years, and in quite a number of directions it has done good work.

THE NEW TYPE OF SHIP

On the whole our shipping service is satisfactory. We do not expect it to be perfect, and we know that shipping as a whole is passing through what may be called a transition stage. We cannot go the length of asking the ship-owners to scrap the ships they at present use, because we know perfectly well that the users of the ships would have to pay for them by increased freights or something of that sort. But gradually, a new type of ship is being adopted—anyone who is interested in or connected with shipping will understand that—a new type of ship with Diesel engines, which will be able to travel probably on the average faster than the ships which are in use now and also carry more cargo. The internal combustion engine is taking the place of the ordinary engine, and so far as they have gone they have been quite successful. At all events, New Zealand ship-owners are proving their faith by having ships built with Diesel engines. I know it will be an improvement, but we do not ask them to scrap the other types and adopt a new type for some considerable time to come.

THE CARRIAGE OF PASSENGERS AND MAILS

Now, as to the carriage of passengers and mails, I shall be very glad when it is found possible to speed up the connections.

We have long had a great deal of difficulty about the time taken in carrying mails, but we think we are justified in asking that they should be delivered in the shortest time possible between the two countries. I think it can be done because I come back to the argument I made the other day when dealing with postal matters. If steamers can carry passengers between New Zealand and

England in twenty-seven and a half days, they can surely carry mails in the same time, and that is all that we are asking for; and I should be very glad if the Shipping Committee would see its way to look into this matter for us.

INCOME TAX

Just a word about income tax. I do not think we have had the same trouble in regard to this in New Zealand as they have had in Australia and in Britain itself. We are fortunate in New Zealand in having a very good man at the head of the Income Tax Department. The principle that I would like to go upon is this, that the income will pay taxation where it is earned. I know it is difficult of application, but, as I have said, we have very little difficulty in New Zealand. I know that difficulties have taken place in other countries, and if they go upon the principle of arriving at a mutual understanding about the percentage that ought to be charged or payable in income tax, many of these difficulties would, I think, disappear.

QUESTION OF GIVING THE COMMITTEE FURTHER POWERS

There is another point which has occurred to me since dealing with the Report, which is under discussion. I think it would be desirable to consider whether it would not be possible to give this Committee, in whom we have all confidence, more power than they possess at present. When we set up a Parliamentary Committee we always give them power to call for persons and papers. Would it not be possible to give the Shipping Committee the same power? I am not insisting upon the persons; it may not be advisable to compel a person to come forward—I am not going so far as that—but I do think that the Committee has earned our confidence and our gratitude, and in that case I think it ought to be considered by the Government—possibly it means legislation—as to whether the Shipping Committee should not be given the power to call for persons and papers when such papers are required for the public good. I ask the President of the Board of Trade to look into this and see if anything can be done.

The CHAIRMAN: It is a matter, Mr. Massey, which we have considered carefully, and I have discussed it with Sir Halford, and when he replies he will deal with it.

Mr. MASSEY: I shall be glad to hear his opinion, because I have not had the opportunity of consulting the Chairman, but I want to express my gratitude to the Committee for what they have done, which seems to me only an earnest of what they will be able to do in the future, and I hope they will continue the good work which has been so well and auspiciously commenced.

Mr. BURTON: I was unfortunately unable yesterday afternoon, owing to some other important work I had to do, to hear Sir Halford's statement, but I have read it, and I hope he will allow me to join in what has been said with regard to the extreme interest with which we have heard the statement.

I do not know that there is very much that I need say. I agree the Committee has done good and useful work, and, so far as we are concerned, we are all in favour of its continuance. I noted with interest the statement made about the change of opinion with regard to the size of ships. That statement, of course, is a matter of importance to all of us, but it is a matter of particular interest to South Africa, where we recently have been considering the possible necessity of making great alterations in our dockyards and things of that sort.

SOUTH AFRICAN ACTION WITH REGARD TO DEFERRED REBATES

Sir Halford also referred to the change which had been made in the Deferred Rebate system, and I note there that he speaks of the introduction by South Africa of the new system—I think she was the first to introduce it by legislation. The South African Parliament was the first in the Empire to legislate against Deferred Rebates, and to substitute for that system a general contract or agreement. As I fancy the Committee itself points out in its Report, the new system is open to certain objections as well, but it undoubtedly is an improvement on the old one, and I am glad to notice that this change made by the South African Parliament is now being adopted elsewhere as well.

PROPOSED LEGISLATION REGARDING BILLS OF LADING

I really think that is all I need to say, perhaps, except this. I am not quite sure whether Sir Halford knows, or you do, Mr. Chairman, that with regard to the Bills of Lading we propose also to deal with them. We have got on our legislative stocks a Bill, which we hope to introduce quite early, which will provide against unfair or unreasonable conditions in Bills of Lading, and which will endeavour, so far as these things are humanly possible, to provide against any evasion of the Act when it becomes an Act, by efforts to contract outside of the Union.

BILLS OF LADING. APPEAL FOR EMPIRE UNIFORMITY

The CHAIRMAN: Mr. Burton, on that last point of Bills of Lading and your proposed legislation, I do hope that it may be found possible in the Course of this Conference that all the Dominions should be able to adopt The Hague Rules in the final form that they have come to. I was going to suggest at a later stage this morning the appointment of a small Committee to go into these rules in detail and see if they could not report to us.

Mr. BURTON: Yes. I am told by our Commissioner of Customs that, as a matter of fact, your Hague Rules are substantially adopted in our Bill. There is no reason at all why it should not be submitted to the Committee and the thing discussed, by all means.

IRISH INTEREST IN ALL-RED ROUTE

Mr. RIORDAN: There is one aspect of this subject that particularly interests Ireland, Mr. President. Various speakers have referred to the question of speed in obtaining communication between one part of the Empire and another. As you are aware, some years ago there was a great deal of discussion in regard to an All-Red Route. The question was before previous Imperial Conferences, I think, and it looked for a time as if something in that way was likely to result, the idea being that one of the western ports in Ireland should form a link in the route. I notice that no speaker here in the last two days has made any reference to that subject. I am not advocating the scheme nor am I stating that it is not advisable, but I think it would be well if Sir Halford, in his reply, could make some reference as to the practicability of that scheme or whether the idea has been abandoned altogether, and if so, for what reason. It has not been abandoned so far as local interests in Ireland are concerned. We are being continually reminded that there was such a scheme, and we should like to have some authoritative views on the subject. There is no other point that I wish to deal with.

Mr. WARREN: There is nothing I can contribute, Mr. President. We are pretty well served in the North Atlantic, and the discussion seems more to affect my friend on my right (Mr. Massey) and Mr. Bruce.

Mr. INNES: I won't detain the Conference very long, but I should like to associate myself on behalf of India with the appreciation of the Prime Ministers of the Dominions, not only of Sir Halford Mackinder's very clear and comprehensive address yesterday, but also of the value of the work which has been done by the Imperial Shipping Committee. That Committee has already been of very great service to us in India, particularly in two matters, namely, the question of Bills of Lading and also the question of Deferred Rebates.

POLICY OF INDIA AS REGARDS BILLS OF LADING

As regards Bills of Lading, I think I may say at once that if this Bill, the Carriage of Goods by Sea Bill, which is now before the British Parliament is passed by Parliament, I think there is no doubt that India will endeavour to follow suit. I think we shall probably be able to introduce legislation on exactly similar lines.

THE DEFERRED REBATES QUESTION IN INDIA

As regards Deferred Rebates, the Report of the Imperial Shipping Committee came at a peculiarly opportune moment for us. There is a great feeling in India at present that the Deferred Rebate system does operate as a bar to the formation of an Indian Mercantile Marine, that it prevents any Indian steamship company that may be started from doing any profitable business. Well, there was a good deal of rather loose talk upon the subject, and when we got the Imperial Shipping Committee's Report we were able at once to circulate it as widely as possible throughout the country, and I think that that Report which, if I may say so, is a very clear, impartial, almost a judicial, examination of the whole system, has had very great educative value. Of course, I cannot say what the result of the present discussions which are now going on in India will be, but, at any rate, I have no doubt at all that that Report has done a great deal of good.

SHIPPING TAXATION

I do not propose at present to go into the question of the taxation of shipping. I understand that the Imperial Shipping Committee is putting in, in the course of the next two or three days, a Report upon that subject, and I would prefer to avoid going into such a difficult subject until I get that Report, and also I am excused from doing so because, if I may say so, the Prime Minister of Australia has put the case for India with far greater ability than I could do. I think we should have some difficulty to agreeing to any reciprocity arrangement. For instance, I find from figures which I happen to have here showing the tonnage of the ships that entered British Indian ports from foreign countries in 1919-20, the tonnage of British ships was 5,200,000, and the tonnage of British Indian ship was 124,000. We do recognize in India that this question of the taxation of shipping is a matter of very great importance to the shipping community, and if we can reduce the complexity of the subject without any serious sacrifice of revenue, I think we in India will recognise that every effort should be made to that end.

DANGER OF CONVERTING COMMITTEE INTO A BUREAUCRATIC BODY

There is one other point I should just like to touch on before I close, and that is the question of the continuance of the Imperial Shipping Committee. As I have said, we in India think that the Imperial Shipping Committee has thoroughly justified itself by the results it has already been able to show, and we are entirely of opinion that the Shipping Committee should continue to

exist, but I could not help thinking as I listened to Sir Halford Mackinder yesterday that the Shipping Committee had owed a great deal of its success to the fact that at present it is a purely honorary body. It commands great weight from that very fact as an impartial conciliating body. I think that we shall have to consider whether, if we convert that body into a permanent body with a paid Chairman, a paid Secretary and a paid establishment, it will continue to carry the same weight. I recognize, of course, that a Committee which has sat, I understand, on an average once a week since it was established three years ago probably may not be able to continue to command the honorary services of the distinguished people who now serve upon it, but I am rather afraid that damage may be done if it is in any way converted into what I may call a bureaucratic body, an official body. I should be rather afraid of giving it powers, as suggested by the Prime Minister of New Zealand, to call upon the shipping companies to produce papers or to produce witnesses. I am afraid that if we conferred these powers upon it, or if the British Government did so, it might at once alarm the shipping community, but, at any rate, I should like to say that the Government of India do hope that the Committee will continue to exist in some form or another.

VITAL INTEREST OF THE COLONIES IN SHIPPING QUESTIONS

Sir GILBERT GRINDLE: As a member of the Imperial Shipping Committee, I do not like to say anything about its doing good work, but I should like to assure the Conference that it certainly does most interesting work, and I think that anybody connected with the administration of the Colonies and Protectorates in any way is impressed with the advantage of such a Committee being in existence and of our being represented on it. There is no part of the Empire more dependent on shipping than we are. The Colonies and Protectorates are dependent upon the British Mercantile Marine not only for their prosperity but for their bare existence, and they are therefore much more interested in the solution of shipping questions than any other part of the Empire. As regards East Africa, I should just like to add that I understand the East African shippers are not yet entirely satisfied, but they have taken the first step towards becoming entirely satisfied by forming an organization which will be able to discuss the questions at issue in the spirit of co-operation and mutual goodwill and confidence which is the tradition of the Committee.

The CHAIRMAN: I will now ask Sir Halford Mackinder to reply upon the general points that have been raised on his statement.

SIR H. MACKINDER'S REPLY TO THE DISCUSSION

Sir HALFORD MACKINDER: I will not go into all the points in the different speeches, but there are just a few points I should like to deal with. May I, in the first place, on behalf of the Committee, express my gratification? I am sure when I report it to the Committee it will be the general feeling, that the work that we have tried to do in the last three years, not only has been assessed from the point of view of the endeavour that was put into it, but apparently also it has had the good fortune to meet the practical difficulties that have arisen in more than one part of the Empire.

DISCRIMINATION AGAINST CANADIAN PORTS

Mr. Graham referred to the question of the rates for cargo, and he mentioned flour from New York, as compared with Montreal. That is precisely the kind of question upon which agitation arises, and upon which it seems to me it is very necessary to have all the facts impartially worked out. Often

one finds that there is a reason which does not appear on the surface. If Canada wished us to undertake an inquiry of that kind, we should be very glad to see what we could do to ascertain the facts so far as they are accessible on this side, and so far as Canada is able to put them before us on the other side. I rather gathered, from the fact that Mr. Graham raised the question, that his complaint had reference to rates fixed no doubt largely by the United Kingdom owners. If that is so, we shall be very glad to inquire into it if it is referred to us.

THE INCOME TAX QUESTION

Well then, Sir, Mr. Bruce referred to the question of the income tax and, perhaps, I might just say a word on that. The report which is coming to you will not present any cut and dried solution of the difficulties which we depict. What the report has done is, first of all, to marshal the facts with regard to the whole Empire as to income tax and as to the mode of assessment as it affects shipping, and in marshalling those facts we have had the assistance of the Inland Revenue authorities of the United Kingdom. Secondly, we marshal the grievances as put before us by the shipowners. We have had the assistance of the Inland Revenue of the United Kingdom in our criticism of that *ex parte* statement; but, as we shall state quite clearly, we have not had the advantage of the assistance of the fiscal authorities of the Dominions, of India, and of the other parts of the Empire.

By way of conclusions, we present you with a number of suggested solutions which have been put forward, without giving you a recommendation as to any one of them, because we recognize that many questions are involved outside our reference. But we have thought that it was within our reference to make quite clear the fact that the variety of assessment in the Empire is so great that shipowners are involved in heavy and costly work, and, in fact, that the whole situation, though not, perhaps, serious as regards any one jurisdiction, does, when you take a shipping line into account or a tramp owner into account who is dealing with many countries, amount to an impediment to trade. It is a truly imperial question, because, while it is simple in regard to any one jurisdiction, it becomes very complicated for a shipowner who has to consider all the various jurisdictions of the Empire.

I suggest that the Conference would do well to see our Report before it takes further action. The Report does not pretend to give any final opinion, but it does marshal the facts in a way that I think will be helpful.

With regard to the points raised by Mr. Massey, he will remember that in the Report that we made to him in regard to the freights between this country and New Zealand, we drew special attention to the difficulty that was involved by these many harbours and the many calls. I am sure the Imperial Shipping Committee will be very glad to hear that Mr. Massey is considering that question.

VALUE OF SHIPPING ASSOCIATIONS

May I now take just one more point of Mr. Massey's statement? That was in regard to the Meat Export Control Board, and, at the same time in Sir Gilbert Grindle's statement with regard to East Africa. May I say that the work of the Imperial Shipping Committee is greatly facilitated, and would be immensely facilitated, by the general existence of strong associations of shippers? You have on one side well-organized Conferences of the ship-owners. Of course that is a relatively simple thing to achieve because you are dealing with a homogeneous interest but anything that could be done throughout the Empire

to get the shipper interest to organize itself so that it can negotiate with the ship-owners, and also make authoritative representations to the Imperial Shipping Committee, would very greatly facilitate matters.

THE DURBAN DRY DOCK AND THE SIZE OF SHIPS

Well then Mr. Burton mentioned the matter of the size of the ships in South Africa. Of course, the Shipping Committee is aware that at Durban you are making a very large dry dock which is capable of receiving the very largest contemplated ship. The case of South Africa differs from the case of Australia and New Zealand, mainly because the Suez Canal has not to be traversed by a great deal of shipping that goes there. If there were a traffic between South Africa and Australia on a considerable scale the whole position would be changed. One of the solutions of the rapid service from Australia which we considered, was whether very large ships could not come via the Cape. There would have to be subsidies, and we felt that in all probably the South African Government could not subsidise unless a certain amount of space were reserved in those large ships for South Africa. That would mean, of course, under existing conditions of trade, that the ship would have to go partly empty across the Southern Ocean between South Africa and Australia. I hope that nothing that has been said would be taken as implying that we think that where a great work is being undertaken, such as the Durban dry dock, that all possible provision should not be made for the possibilities of the future in regard to the use of very big ships. I am not talking of big ships, but of very big ships. Nobody can give you an authoritative utterance on that matter which will be authoritative for more than a limited time; no one can predict what the future development will be. That matter was discussed by the Imperial Shipping Committee, and the feeling was very strong that we should insert words, and we did insert words, in the Australian Report on the economic size of ships which would prevent our being taken as implying that such a work as the Durban dry dock was a useless work and a useless expenditure. We do not hold that view in that case.

THE ALL-RED ROUTE

Well, Sir, I do not quite know what the representative of Ireland wanted me to say in regard to the All-Red Route."

Mr. RIORDAN: May I mention that I perhaps did not make myself clear when I referred to it as the "All-Red Route"? I merely mentioned that name, because that is what it was known by. I mentioned that the matter had been discussed, I understand, by previous Imperial Conferences. The British Government and the Governments of some of the Dominions were very interested in the subject at the time. The advocates of the scheme I understand claim that, if one of the western ports of Ireland were adapted for this purpose, that instead of Mr. Massey, although he made a record journey, taking 27½ days to come from New Zealand to London, he could have done it, according to their figures in 22½ days. Those are really the points. That is all past history of course. What I would like to know is whether that scheme of utilizing a west of Ireland port to expedite the trade between these countries, Canada, Australia, and New Zealand, has been abandoned, and if so, whether it would be possible to give any reason for its abandonment.

Sir HALFORD MACKINDER: Well, if the Government of the Irish Free State chooses to put the case before us, we should be very glad to enquire into it and to give you a report. It would be a matter of much interest to us to give a report to the Irish Free State, and it would be of any help that the facts should be shown in such a way that you could put them before the Irish public, we should be only too glad to assist.

Mr. AMERY: May I say a word on that subject now? I took a considerable interest in it in the old days. Mr. Riordan is quite right in saying that it occupied a very considerable part of the time of Imperial Conferences of fifteen and twenty years ago, and it is conceivable that it may again in future. The scheme was that in the first case this country should be linked up with Ireland by train ferry, so that trains could run straight through to a harbour in the west of Ireland. The harbour was to be Blacksod Bay (which is the nearest to the mainland of Canada) Cork or Galway, with 22 or 23 knot steamers, so that Canada could be reached in four days. Then accelerated train services across Canada and accelerated mail Vancouver-New Zealand so as to make it possible to get to New Zealand in just over twenty-two days.

I went into it very closely at the time. The financial obstacles to the scheme have increased since, owing to the cost of high speed shipping. There is the Panama Canal as an alternative for freight. There is the air possibility purely for mails at very high speed, and there is also the substantial difficulty that apart from mails and passengers there would not be any great volume of traffic either on the link Ireland to Canada or on the link Vancouver to New Zealand to justify the high speed, short of an altogether inordinate subsidy, till traffic on both sides had developed very considerably. If Ireland develops and by a great development of the system of train ferries is able from a port in western Ireland to distribute goods at once all over the British Isles and if the total volume of traffic for Canada increases very greatly I daresay that scheme, which does make use of the fundamental geographical fact that the Atlantic is much narrower as you get further North, that scheme may come into very practical consideration again, but I imagine at the present moment that the subsidy required to carry it out would be in excess of the economic advantages.

Sir HALFORD MACKINDER: If Mr. Riordan wishes it examined we can examine it, but I think the facts that have been stated by the First Lord of the Admiralty would be found very pertinent in all probability at the present time.

Mr. RIORDAN: The First Lord has thrown a great deal of light on what I wanted to know.

EXTENSION OF COMMITTEE'S POWERS DEPRECATED

Sir HALFORD MACKINDER: There is only one other point which you, Sir, expressly asked me to say something about, otherwise I should have felt that it was rather a matter for the Conference to deal with than for me to say anything upon, and that is in regard to the Committee itself. In regard to its powers, I very much hesitate to accept the idea, so far as I am concerned, that they should be increased. I doubt whether, if you had power to send for witnesses and for documents, you would in fact, get a great deal more. You would have to know of the existence of the documents, and you then have to be able to interpret them. Let us say there are the books of a great company. I have sat on several Government Committees where the enquiry has been very safely burked because you could not interpret accounts unless you knew a very great deal of the industry or the particular line of commerce which was involved. I feel sure if we once get on those sort of terms with the shipping companies we shall be able to do far less than we have accomplished in the last three years. If we were at daggers drawn with them, and we should be before we came to investigating their accounts on demand, I question whether we should get out of them the same acquiescence in measures which they did not like connected with Bills of Lading, connected with deferred rebates, and other similar matters which, in fact, we have managed to obtain, and I should prefer to leave the matter, if the Conference saw fit, in the position that if the Committee found it could not

obtain the information it required, and that it was more likely to obtain it by more autocratic methods, it should ask for more power. Though there were times, I know, when some members of the Committee felt that we might have been a little more inquisitorial, I cannot help thinking, looking back on the whole three years, and on the increasing confidence which has been expressed in us, and the increasing goodwill which we have managed to acquire, I cannot help feeling we should have done no more, if as much, if we had had greater powers.

The mere fact that you possessed those powers would put everybody meeting you in a cautious attitude instead of being in a confidential attitude. The mere fact that we had those powers, for instance, would have prevented me from doing what I have been allowed to do on occasion. A company has held out on principle against its accounts being seen. On one very important occasion I, as Chairman was allowed to see those accounts with skilled assistance, though the accounts were not shown to the full Committee, and the Committee was good enough to accept my report with regard to them. Well now, that is a confidential relation which obviously could not exist if I were Chairman of a Committee equipped with powers suddenly to turn round and say: "You are not doing what I want: now I am going to exercise my powers." I very much question whether we should gain.

THE POWER OF PUBLICITY

I point out to the Conference the enormous power of publicity. It is in our power to make a report, and if the Governments of the Empire consent to the publication of that report, well if a situation which won't bear investigation is revealed, then the persons involved are seriously implicated. I do feel that the fact that we are an Imperial Committee, that we have acquired, may I say it, a certain prestige, and that our printed word carries some weight, gives us in reality a very great power, and as long as people feel they are treated equitably they are likely to treat us with confidence. So far as I am advised (I have not had an opportunity of consulting with my Committee) I cannot help feeling that I have expressed the view of the Committee at large. If we ever found we wanted powers we would ask for them, but at present I think we are in a stronger position without them. That is my feeling.

Sir JAMES ALLEN: Might I say one word as a member of the Committee? There was one time during the process of our work when I really did feel that it would possibly have been helpful to us if we had had greater powers. I was very concerned on behalf of my country in regard to the freight question and incidentally with the profits of the shipping companies in years gone by. But I am bound to confess that the arrangement that was made for the Chairman of our Committee to see, with an accountant, the accounts of some of the shipping companies, did very largely remove the difficulty, and, on the whole, I am inclined to think that the Chairman's remarks point to the wisest course to pursue for the time being, but it is conceivable that the day may come —I hope it may never come—when we may be refused information which is of essential importance to the Committee when enquiring into certain problems. I think we should perhaps wait, as is suggested, until the day does come, and then if it is felt that the Committee ought to be given the powers, they can be granted to them.

THE CHAIRMAN: I very much incline to that view myself. One starts naturally with the feeling: Well, ought not this Committee to have the fullest possible powers? I have watched its work all the time. It was either going to solve its problems in the way it has or it was going to break down, and the more it goes on with the co-operative spirit that it has at present, the more

certain do I feel that we shall not need these powers; and if we can get on without them I believe it is going to do the greatest work. I would add this, that nothing could encourage the Committee more in its work or make sure that it did not shirk any position, such as Mr. Massey has indicated, than the appreciation which has been expressed by the Prime Ministers of the Dominions of its work to-day. Its constitutional position, as it exists, is that it is the creature of the Imperial Conference; it reported to the Prime Ministers, as was fitting, as soon as this Conference assembled. I believe in a sense it is anomalous perhaps; it is difficult to define it, but it is just because it does possess that relation it has been the success it has.

RESOLUTIONS ADOPTED

On the motion of Mr. Massey, seconded by Mr. Bruce, the following Resolution was then agreed to:—

> "That this Imperial Economic Conference desires to convey to Sir Halford Mackinder, as Chairman of the Imperial Shipping Committee, and to the members of that Committee an expression of its appreciation of the very excellent work which they have done during the period of the Committee's existence, both in the interests of the commercial and producing communities, and of British citizens generally."

At their Thirteenth Meeting held on the 23rd October, 1923, the Conference adopted the following Resolution:—

> "That this Imperial Economic Conference is of opinion:—
>
> "1. That the work accomplished by the Imperial Shipping Committee is convincing proof of the wisdom of its establishment, and that it is of the highest importance to the Empire that this work should continue.
>
> "2. That it is, therefore, desirable to maintain the Committee on its present basis, deriving authority from, and responsible to, the Governments represented in the Imperial Conference."

BILLS OF LADING COMMITTEE

Arising out of the discussion reported above, the Conference appointed, on the 18th October, 1923, the Bills of Lading Committee, with the following terms of reference:—

> "To consider the provisions of the rules applicable to Bills of Lading as settled at the final Conference at Brussels, and to report whether the rules so settled should be recommended for adoption throughout the Empire."

At their Seventeenth Meeting, on the 1st November, the Conference had before them the Report of the Bills of Lading Committee (see page 340) and decided to adopt the following Resolution:—

> "This Imperial Economic Conference having examined the Rules relating to Bills of Lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in

the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to Bills of Lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

SHIPPING TAXATION COMMITTEE

The Conference also decided at their Thirteenth Meeting, held on the 23rd October, 1923, that a Committee be appointed "to take into consideration the Report of the Imperial Shipping Committee on the methods of assessment of shipping to Income Tax within the Empire, and to make recommendations to the Imperial Economic Conference."

The Report of this Committee (the Shipping Taxation Committee) is printed on page 346. The Report was considered by the Conference at their Nineteenth Meeting on Tuesday, the 6th November, when it was decided that the recommendations put forward in the Report be adopted.

INTER-IMPERIAL MAIL SERVICES

MEMORANDUM BY THE POST OFFICE (I.E.C. (23)—9).

A tabular statement is attached showing (*a*) the present mail services to the Dominions and India compared with the services before the war, and (*b*) the mail services to the less well-provided of the Colonies, &c.

The mail services to the Dominions must be regarded as still in the post-war transitional period. They are constantly improving, and they are closely watched in order that no opportunity may be lost of accelerating or otherwise giving better facilities.

It is perhaps hardly necessary to point out that inter-Imperial communications are based on commercial requirements, and that if cargo and passenger traffic demand speedier ships the mails will automatically benefit; but that in the absence of those commercial requirements it is not the policy of the Post Office to create fast services for the sake of the mails alone.

As regards the less prosperous Colonies which lie off the main routes of sea communications, it has been found that more frequent and less expensive mail services can be provided by making use of all opportunities afforded by the calls of passing steamers. In these circumstances, it is the policy of the Post Office not to make contracts involving large annual payments, but to send mails at poundage rates by all ships available. For instance, the service to the West Indies under the R.M.S.P. contract, which was terminated by the company in 1915, limited the service to once a fortnight; under present arrangements mails are sent four or five times a month.

Generally speaking, all steamship services, with one or two notable exceptions, such as the Union Castle service to South Africa and the New Zealand Shipping Company's service through the Panama Canal, are performed at slower speeds than before the war.

March, 1923.

I.—MAIL SERVICE TO DOMINIONS AND INDIA

—	Pre-War Service	Present Service	Remarks
Australia	Weekly service viâ Suez. Time to Adelaide, 29 days.	Regular fortnightly service, with additional despatches by non-contract steamships of Commonwealth Government Line, thus giving a service, as a rule, three weeks out of every four. Time to Adelaide, 30-31 days.	The Peninsular and Oriental and Orient Companies which maintain the contract service have not yet been able to replace their war losses so as to provide a weekly service; but further ships are being built. It is doubtful, however, whether commercial requirements would justify a more frequent service than that at present in force. The route through Italy has been abandoned since the war; the gain in time would not be very considerable, and the cost of carrying the mails across Italy would be very high.
Canada	Twice a week viâ New York. Additional despatches at least once a week by direct Packet. Time to Montreal, 8 days.	Practically the same as pre-war service, except that during the winter months some of the faster and larger ships are laid up or diverted from the Atlantic service. Time to Montreal, 8–9 days.	British lines to New York and direct.
New Zealand	Weekly service alternately viâ Suez and viâ North America. Times to Auckland— Viâ Suez, 37 days. " Vancouver, 33 days.	Despatches about five times a month at varying intervals viâ North America, viâ Suez, and by direct ship from the United Kingdom through the Panama Canal. Times to Auckland— Viâ Suez, about 40 day days. " N. America, about 34 days. " Panama, about 37 days.	Regular service is impossible at present as the Trans-Pacific sailings are not at regular intervals as before the war. The New Zealand Post Office, which controls the Trans-Pacific service, been asked to consider whether any improvement can be effected.
Newfoundland	Twice a week by direct Packet or viâ Canada. Time of transit— Direct, 7 days. Viâ Canada, 9–10 days.	Same as for Canada, with additional despatches about twice a month by direct Packet. Time of transit— Direct ship, 7 days. Viâ Canada, 9–10 days. " New York, 12 days.	British Lines.
South Africa (including Rhodesia, Bechuanaland, Basutoland, Swaziland and South-West Africa).	Weekly..... 17 days to Cape Town.	Weekly..... 17 days to Cape Town.	Service by Union Castle Mail Steamship Company of same speed and regularity as before the war. Only alteration is that the mail now leaves on Friday instead of on Saturday.
India	Weekly service by Peninsular and Oriental Packets viâ Brindisi. Time of transit— London-Bombay, 13½ days.	Weekly service by Peninsular and Oriental Packets viâ Marseilles. Time of transit— London-Bombay, 14½ days.	

II.—COLONIES, &c., WITH IRREGULAR MAIL SERVICES

—	Pre-War Service	Present Service	Remarks
Bahamas	Twice a week to New York, and thence on alternate Saturdays by direct steamship to Nassau, and about weekly from Miami, Florida, to Nassau. Time to Nassau, 11–14 days.	Same as pre-war service..	Service from United States is by United States Steamship Lines.
Bermuda	Twice a week to New York, and thence by direct steamship. Also about once a fortnight viâ Halifax. Time— Viâ New York, 13 days. " Halifax, 15 days.	Twice a week to New York, and thence by direct Furness-Bermuda Steamships (British) sailing twice a week during the winter month months, and about six times a month during the remainder of the year, or by R.M.S.P. Steamship (British) sailing about once a week during the winter month months. Time, 10–16 days.	The Mail service is by British Lines throughout.
British Guiana	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial Contract service. Time to Demerara, 15 days.	To Trinidad, and thence by R.M.S.P. (British), Trinidad Line (British), Clyde Line (U.S.). Dutch and French Lines sailing collectively about twice a week. Also by direct non-contract steamship to Demerara about once a month. Time to Demerara, 16–21 days.	*See* Windward Islands for service to Trinidad.
British Honduras	Twice a week to New York, and thence once a fortnight by direct steamship, and once a week viâ New Orleans. Time to Belize, 17 days.	Same as pre-war service	Service from U.S. by U.S. Lines.
Falkland Islands . .	Once every four weeks by P.S.N. Contract Packet. Time to Stanley, 25 days.	About once every six weeks by direct non-contract P.S.N. steamships. Time to Stanley, 28 days.	
Jamaica. .	Twice a week to New York, and thence by direct steamship. Time, 12–15 days.	About weekly by direct Elders and Fyffe's non-contract steamships, and also to New York, and thence by United Fruit (U.S.) and Clyde (U.S.) Lines sailing collectively two or three times a week. Time, 16–18 days.	
Kenya and Uganda, Tanganyika Territory	Fortnightly by British steamship or German Packet from Aden, about twice a month by German Packet from Naples and monthly by French Packet from Marseilles. Time to Mombasa,—17–19 days.	Weekly to Aden or Bombay by P. and O. Packet thence by first opportunity, also fortnightly by French Packet from Marseilles. Opportunities from Aden are: Sailings of Union Castle, British India and other British Lines, also Scandinavian East Africa Line about twice a month in all. From Bombay: British India.	This service is improving. The French sailings are now fairly regular.

II.—COLONIES, &c., WITH IRREGULAR MAIL SERVICES—*Continued*

—	Pre-War Service	Present Service	Remarks
		Contract Service fortnightly. Time to Mombasa,—18-24 days.	
Mauritius.....	Fortnightly by French Packet from Marseilles, monthly by French Packet from Aden, and about once a month by British Packet from Colombo. Time, 24–33 days.	Weekly viâ the Cape by Union Castle Packet, thence by Union Castle or Clan Line about once a month; also fortnightly by French Packet from Marseilles. Time, 23–37 days.	The Colonial Office is considering the question of the establishment of a contract service between Mauritius and the United Kingdom (probably viâ a French port).
Seychelles	About once a month by French Packet from Marseilles (with supplementary despatch from (Aden), and monthly by British Packet from Bombay. Time viâ Marseilles, 19 days. Time viâ Aden, 15 days. Time viâ Bombay, 23–29 days.	Weekly by P. and O. Packet to Bombay, thence fortnightly by British India Steam Navigation Company's Packet. Time, 25–32 days.	This is a regular contract service. The great objection to it is that it is slow. A better service, however, does not seem to be attainable.
West Indies— Leeward Islands (except Tortola) viz., St. Kitts, Nevis, Antigua, Montserrat and Dominica.	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 15–17 days.	Twice a week to New York, and thence by steamships of Quebec (British) and Clyde (U.S.) Lines sailing collectively about four times a month; also viâ New York and Bermuda (by British Lines) and thence by Canadian R. M. S. P. steamships (British) sailing once a fortnight. Time, 16–24 days.	The service is partly dependent on U.S. Lines.
Tortola.....	By various routes four or five times a month. Time, 16 days.	To New York twice a week. From New York to St. Thomas, Virgin Islands of the U.S.A., by the Quebec, Clyde, and other Lines, sailing collectively at least twice a week. Time, 16 days.	
Windward Islands— (a) Bardados, Trinidad and Tobago.	Fortnightly by direct R. M. S. P. Contract Packet. Time to Barbados, 13 days. Time to Trinidad, 14 days.	About four times a month by direct steamships of Royal Netherlands West India Mail, Harrison and Leyland Lines; also, for Trinidad only, by French Packets sailing in alternate fortnights from Bordeaux and St. Nazaire. Time to Barbados, 14-19 days. Time to Trinidad, 15-20 days.	Service is partly dependent on Dutch Line and French Packet (to Trinidad).

II.—COLONIES, &c., WITH IRREGULAR MAIL SERVICE—*Concluded*

—	Pre-War Service	Present Service	Remarks
(*b*) Grenada and St. Vincent	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 14 days.	To Barbados or Trinidad by all routes used for mails for Barbados and Trinidad, and thence by R.M.S.P. (British) and Trinidad (British) Lines sailing collectively about six times a month, and by frequent inter-island sloop services. Time, 15-20 days.	
(*c*) St. Lucia.....	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 15 days.	Via New York with mails for Leeward Islands. Also once a month by French Packet to Fort de France and thence by connecting service calling at St. Lucia. Time, 16-24 days.	*See* Leeward Islands.
Zanzibar	Fortnightly by British steamship or German Packet from Aden, about twice a month by German Packet from Naples and monthly by French Packet from Marseilles. Time 18-24 days.	*See under* Kenya. Time, 19-29 days.	

BILLS OF LADING COMMITTEE

The Committee was constituted as follows:—

The Viscount Wolmer, M.P., Parliamentary Secretary, Board of Trade;
Mr. C. Hipwood, C.B., Mercantile Marine Department, Board of Trade;
The Hon. Sir Lomer Gouin, K.C.M.G., Minister of Justice and Attorney-General of Canada;
Dr. O. D. Skelton, M.A., Ph.D., Professor of Political Science, Kingston University, Kingston, Canada;
Major R. McK. Oakley, Comptroller-General of Customs, Commonwealth of Australia;
Mr. W. J. Young, Commonwealth of Australia;
The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;
Sir William Macintosh, M.L.A., and Sir Ernest Chappell, C.B.E., the Union of South Africa;
Mr. E. J. Riordan, Secretary of Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;
The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland;
Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London;
Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies, Colonies and Protectorates.

Mr. A. E. Lee, Mercantile Marine Department, Board of Trade, and Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London, acted as joint secretaries to the Committee.

Report

The Imperial Shipping Committee, in their Report of February, 1921, on the limitation of shipowners' liability by clauses in bills of lading, recommended that there should be uniform legislation throughout the Empire on the lines of the existing Acts dealing with shipowners' liability, but based more precisely on the Canadian Water Carriage of Goods Act, subject to certain further provisions.

The Imperial Conference of 1921 approved this recommendation, and also recommended the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the Committee.

Before effect could be given to these recommendations, a movement had developed for the purpose of securing world-wide uniformity to rules on this same subject of bills of lading, and this resulted in the preparation of a draft set of international rules known as The Hague Rules, 1921. These rules have been discussed at great length by the interests chiefly concerned in the various maritime countries, and in October, 1922, at the international Conference on Maritime Law at Brussels, a set of Rules based on these Hague rules was unanimously recommended by the delegates of all the Governments present as a basis for an International Convention.

The rules thus recommended at Brussels were embodied by the British Government in a Bill introduced into the House of Lords. It was considered very carefully by a Joint Committee of Lords and Commons, presided over by late Lord Sterndale, and certain alterations were made in the Bill, which is now before the British House of Commons.

The Committee made it their business to ascertain to what extent the United Kingdom Carriage of Goods by Sea Bill at present before the House of Commons carries out the recommendations contained in the Report of the Imperial Shipping Committee of February, 1921, and they compared section by section the Canadian Water Carriage of Goods Act, 1910, with the provisions of the United Kingdom Bill and the Rules scheduled thereto. The comparison is set out in the Paper I.E. (B.L.2) (see Appendix).

It is apparent that the rules were based on the Canadian Act, and that the more important differences in principle of any importance were:—

1. That whereas under Section 4 of the Canadian Act the shipowner is under a definite obligation to use due diligence to make and keep the vessel seaworthy, under the Bill and Article III (1) of the Rules the definite obligation is only to use diligence to make the ship seaworthy before and at the beginning of the voyage, though the Bill and Rules cover the voyage obligation in practice by the requirement in Article III (2) of the Rules that the carrier shall properly and carefully load, handle, stow, carry, keep, care for and discharge the goods carried.

2. Under Section 6 of the Canadian Act the carrier is relieved from liability for loss or damage resulting from faults or errors in navigation or in the management of the ship or from latent defect, but the relief is subject to the exercise of due diligence to make the ship seaworthy. Article IV (1) and (2) (*a*) and (*p*) of the Rules cover this point, but there is no definite stipulation that the relief is dependent on the seaworthiness of the vessel, though under Articles III (1) and IV (1) the carrier is liable for any damage arising or resulting from unseaworthiness if he has not used due diligence to make the ship seaworthy.

It was ascertained that provision has been made in the Rules for the further proposals of the Imperial Shipping Committee.

The Committee recommend the adoption by the Conference of the following resolution:—

"The Conference, having examined the Rules relating to bills of lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to bills of lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

Signed on behalf of the Committee,

(Signed) WOLMER, *Chairman.*

2, WHITEHALL GARDENS, S.W.1,
October 30, 1923.

APPENDIX

IMPERIAL ECONOMIC CONFERENCE, 1923

Bills of Lading Committee

To what extent does the United Kingdom Carriage of Goods by Sea Bill Carry out the recommendations contained in the Report of the Imperial Shipping Committee of February, 1921?

The Imperial Shipping Committee, in their Report of February, 1921, on the limitation of shipowners' liability by clauses in bills of lading, recommended that there should be uniform legislation throughout the Empire on the lines of the existing Acts dealing with shipowners' liability, but based more precisely on the Canadian Water Carriage of Goods Act, 1910, subject to certain further provisions in regard to—

(1) Exceptional cases in which goods should be allowed to be carried by shipowners at owners' risk;
(2) The precise definition of the physical limits to the shipowners' liability;
(3) The fixing of maximum values for packages up to which shipowners should be liable to pay.

It will be convenient to compare the sections of the Canadian Water Carriage of Goods Act with the provisions of the United Kingdom Carriage of Goods by Sea Bill:—

Canadian Water Carriage of Goods Act	*Provisions in the Carriage of Goods by Sea Bill*
Section 2: Definitions— (*a*) Under the definition of "goods," live animals and wood goods are excepted.	Article I (*c*) of the Rules excepts live animals and deck cargo from the definition of "goods."
(*b*) The "ship" includes every description of vessel used in navigation not propelled by oars.	Article I (*b*) of the Rules. "Ship" means any vessel used for the carriage of goods by sea.
(*c*) Definition of "port."	The Bill contains no definition of "port."
Section 3 applies the Act to goods carried or received to be carried from any port in Canada.	Section 1 of the Bill applies its provisions to goods carried from any port in Great Britain or Northern Ireland

Canadian Water Carriage of Goods Act	*Provisions in the Carriage of Goods by Sea Bill*
Section 4 prohibits clauses in bills of lading—	
(1) Relieving the owner, charterer, master or agent of a ship from liability for loss or damage arising from negligence, fault or failure in the proper loading, stowage, custody, care or delivery of goods received for carriage.	This is covered by Article III (2) and (8) of the Rules.
(2) Relieving the owner or charterer of any obligations to properly man, equip and supply the ship, and make and keep the ship seaworthy.	This is covered by Article III (1) and (8) of the Rules, but the exercise of due diligence is limited to making the ship seaworthy before and at the beginning of the voyage.
(3) Relieving the master, officers, agents or servants of the ship from obligations to carefully handle, stow, care for, preserve and properly deliver the goods.	This is covered by Articles III (2) and IV (2) of the Rules.
	Article III (8) of the Rules provides that any clause, covenant or agreement in a contract of carriage relieving the carrier of the ship from liability for loss or damage arising from negligence, fault or failure in the duties and obligations provided in the Article shall be null and void.
Section 5 requires an express reference to be made to the Act in bills of lading.	Clause 3 of the Bill contains a similar provision.
Section 6. Subject to the exercise of due diligence to make the ship seaworthy, the carrier is relieved from liability for loss or damage resulting from faults or errors in navigation, or in the management of the ship or from latent defect.	Article IV (1) and (2) (*a*) and (*p*) cover this point, but relief from liability is not dependent upon due diligence to provide a seaworthy ship.
Section 7. Certain immunities of the shipowner from liability for loss or damage to goods are set out which are not in any way conditional.	Article IV (2) and (4) of the Rules detail similar unconditional liabilities.
Section 8. The shipowner's liability is limited to $100 per package, unless a higher value is stated in the bill of lading.	Article IV (5) of the Rules makes a similar provision, but the limit is £100.

Canadian Water Carriage of Goods Act	*Provisions in the Carriage of Goods by Sea Bill*
The shipowner is not to be liable for loss or damage if the nature or value of the goods has been falsely stated by the shipper.	This is covered by Articles IV (6) and III (5) of the Rules.
The declaration by the shipper as to the nature and value of the goods is not considered as binding or conclusive on the ship.	Under Article III (4) of the Rules the bill of lading is to be *primâ facie* evidence of the receipt by the carrier of the goods as therein described.
Section 9. The carrier, on the demand of the shipper, is required to issue a bill of lading showing the marks necessary for identification as furnished in writing by the shipper, the number of packages the quantity or weight, and the apparent order and condition of the goods as delivered to, or received by the carrier, and the bill of lading is *primâ facie* evidence of the receipt of the goods as therein described.	Article III (3) of the Rules requires the carrier to issue a bill of lading on demand of the shipper containing the same particulars required by the Canadian Act, except that the number of packages or quantity or weight of the goods is to be furnished in writing by the shipper. Article III (4) of the Rules provides that the bill of lading shall be *primâ facie* evidence of the receipt of goods as described in the bill of lading.
Section 11 requires the ship to give notice of arrival to consignees of goods.	There is no similar provision in the Bill.
Section 12 provides a penalty for the making of illegal or defective bills of lading, or the refusal to issue a bill of lading, and for refusal or neglect to give notice of the ship's arrival.	The Bill as originally introduced into Parliament contained a penalty clause, but it was cut out on the recommendation of the Joint Select Committee of both Houses of Parliament, which considered the Bill. The reasons for deleting the clause are stated in paragraph 20 of the Report of the Joint Committee. The reasons are briefly as follows: (1) If a person be prosecuted under clause 3 (2) and raise a defence under Article 6, the interpretation of that article (as to whether the particular shipments in question were ordinary commercial shipments made in the ordinary course of trade, or shipments where the character or condition of the property carried, or the circumstances, terms and conditions under which the carriage was performed were such as reasonably to justify a special agreement) the interpretation of that article is necessarily left to a Court of Summary Jurisdiction, which is not well suited for such decisions; (2) similar provi-

Canadian Water Carriage of Goods Act	*Provisions in the Carriage of Goods by Sea Bill*
	sions in the American "Harter Act" and other Carriage of Goods by Sea Acts have not been made use of to any extent; (3) Article III (8) of the Rules makes any provisions not in accordance with the Rules null and void.
Section 13. A penalty is imposed on persons who ship goods of an inflammable, explosive or dangerous nature without disclosing their nature and obtaining the permission of the carrier in writing.	Sections 446-450 of the Merchant Shipping Act, 1894, provide penalties for not disclosing the nature of goods of a dangerous character which are put on board ship.
Section 14 provides that dangerous goods shipped without permission of the carrier may be destroyed without compensation, the person shipping the goods shall be liable for all damages directly or indirectly arising out of the shipment.	Article IV (7) of the Rules contains a similar provision.
Section 15 makes provision for existing contracts.	Clause VI (3) of the Bill provides for existing contracts.

The recommendation of the Imperial Shipping Committee, that there should be provision in regard to exceptional cases in which goods should be allowed to be carried by shipowners at owners' risk, is carried out in Article VI of the Rules.

The second recommendation of the Committee, that there should be a precise definition of the extent of physical limits within which liability should obtain, so that a shipowner may not have to accept liability for that which is not within his control as a shipowner (e.g., when acting as warehouseman, forwarding agent, etc.) is covered by Article I (e) of the Rules which limits the application of the Rules to the period from the time when the goods are loaded to the time when they are discharged from the ship.

The recommendation as to fixing maximum values for packages up to which shipowners should be liable to pay, is carried out in Article IV (5) of the Rules, which provides that the carrier shall not be liable to an amount exceeding £100 per package or unit, but a higher maximum amount may be agreed upon between the carrier and shipper.

SHIPPING TAXATION COMMITTEE

The Committee was constituted as follows:—

Sir Richard V. N. Hopkins, K.C.B., Chairman of the Board of Inland Revenue.
Mr. R. H. Coats, F.S.S., Statistician, Dominion of Canada.
Mr. John Sanderson, Commonwealth of Australia.
Mr. G. F. Copus, and
Mr. E. T. Toms, New Zealand.
Sir W. McIntosh, M.L.A., and

Sir Ernest Chappell, C.B.E., Union of South Africa.
Mr. E. J. Riordan, Secretary, Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.
The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland.
Sir E. M. Cook, C.S.I., C.I.E., India.
Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London.
Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies, Colonies and Protectorates.

Mr. E. A. Eborall, Board of Inland Revenue, and Lieut.-Colonel J. Reid-Hyde, C.B.E., Dominion of Canada Delegation, acted as Joint Secretaries to the Committee.

Report

1. The Terms of Reference to the Committee were:—

> "To take into consideration the Report of the Imperial Shipping Committee on the methods of assessment of shipping to Income Tax within the Empire and to make recommendations to the Imperial Economic Conference."

2. The Committee have carefully considered the Report of the Imperial Shipping Committee, and have also had the advantage of hearing a statement by Sir Halford Mackinder, the Chairman of that Committee.

3. It is unnecessary to recapitulate here the details of the complaint of the shipowners as set out in the Report of the Imperial Shipping Committee, which has already been circulated to the Imperial Economic Conference (I.E.C. (23)—28). The complaint of the shipowners is summarised under the following headings in paragraph 18 of that Report:—

> "(i) The arbitrary nature of a tax levied on a certain percentage of gross receipts.
> "(ii) The loss of time and labour and the expense involved, where the tax is leviable not on such a percentage, but on net profits, owing to the different methods of assessment in the various countries to which a shipowner may trade.
> "(iii) The difficulties experienced in obtaining relief from the double payment of Income Tax and the inadequacy of the relief when obtained."

4. The observations which the Committee have to offer on these three points are set out in the following paragraphs.

Assessment on a Statutory Percentage of Freights, &c.

5. It is true that, if the shipowner is not given the right to have the assessment subsequently adjusted in accordance with the actual results of his business, the system of assessment on a statutory percentage of freights, &c., has the advantage of simplicity with the resulting economy of administration.

There are, however, inherent imperfections in this system of assessment. There is a clear difficulty in fixing an appropriate percentage when the ordinary cycles of prosperity and depression have been disturbed by war. Even if a percentage reasonably measures a shipowner's profits over a period of years, it may be fairly contended that the disadvantage to a shipowner of having to pay Income Tax when he is making losses must outweigh the advantages he may gain by paying tax on a favourable basis in times of prosperity.

6. Again, in times of depression shipowners under this system cannot always secure the compensatory relief ordinarily obtainable from United Kingdom Income Tax (see paragraphs 9 and 10 of this Report).

7. The Committee agree that the difficulties are met to some extent where the shipowner is allowed the option of being assessed on actual profits, but such an option of course operates against the interests of Exchequers, and if this option can be exercised only after payment of tax levied on the statutory percentage of freights, &c., it has the further disadvantage in times of depression of requiring the shipowner to find money in excess of that ultimately payable at a time when he can ill afford to do so.

ASSESSMENT ON ACTUAL PROFITS

8. The difficulties experienced by the shipowner when he is called upon to declare his profits to each Government are set out fully in the Report of the Imperial Shipping Committee. He has to contend, to a greater degree than other taxpayers, with diversity of law and practice resulting from world-wide operations, and the nature of his trade is such that he is faced with peculiarly difficult questions in any attempt to segregate profits or losses arising in each country in which he trades.

RELIEF FROM UNITED KINGDOM INCOME TAX IN RESPECT OF THE PAYMENT OF DOMINION INCOME TAX.

9. The main difficulties under this heading have arisen where the Dominion assessments have been based on a percentage of freights, &c. The relief due from United Kingdom Income Tax depends upon the true rate of the Dominion Tax on the real income, and that rate is determined by dividing the amount of the Dominion Tax paid by the amount of that income.

Thus a Dominion rate of 2s. in the £ on a sum equal to 10 per cent of the freights, &c., may, in a time of depression such as the present, be a rate of 10s. or more in the £ on the profits actually earned. The relief from United Kingdom Income Tax is, however, limited to 50 per cent of the rate of the United Kingdom tax as charged on those profits.

10. It will be seen, therefore, that at the present time the relief from the United Kingdom Income Tax may be very small compared with the total amount of the Income tax paid in the other countries of the Empire and that where there are actually losses there can be no relief.

RECOMMENDATIONS

11. The Committee have considered carefully the first suggestion in the Report of the Imperial Shipping Committee that the solution might be found by the various Governments of the Empire agreeing to the exemption from Income Tax of the non-resident British sipowner. Such a solution of the problem has been brought recently into great prominence by the offer of the United States of America to grant exemption from Income Tax to the shipping of any country granting an equivalent exemption to United States shipping, and by the corresponding action of the United Kingdom Government in taking power, under the Finance Act of 1923, to conclude reciprocal arrangements with any foreign State for the granting of this exemption.

12. Such an arrangement between the countries of the Empire would, of course be a complete and very simple solution of the shipowners' difficulties. The proposal, however, besides involving considerations as to the yield of revenue, raised far-reaching questions of principle and the Committee's discussions disclosed no present prospect of the various Governments reaching unanim-

ity on this subject. The Dominion of Canada exempts from Income Tax the profits of non-resident shipowners, and it would seem right that Great Britain should take power to make reciprocal arrangements with that Dominion (and any other Dominion or Government which might choose to adopt the like principle) on the lines of the legislation as to reciprocity for foreign countries included in the Finance Act of 1923. To meet other cases, the Committee have turned from the consideration of any solution based upon this principle, to proposals which do not in any way impair the right of any country of the Empire to tax income arising within the sphere of its jurisdiction.

13. For the reasons indicated in paragraphs 5 to 8 of this Report the Committee recommend that henceforward the normal basis of assessment to income tax on the profits of non-resident British shipowners in the various countries of the Empire should be the actual trading results and not a statutory percentage of freights, fares, &c.

14. For the more convenient ascertainment of the profits chargeable, combined with due security to the Exchequers concerned, the Committee recommend that, as a working rule, the countries of the Empire should adopt the following practical administrative measures:—

(a) The shipowner to furnish the complete accounts of his business to the taxing authority of the country in which he resides, *i.e.*, the country from which his business is directed and controlled.

(b) Where a shipowner, in addition to trading in the country where he resides, trades also with any other country or countries of the Empire where Income Tax is levied, the taxing authority of the country in which the shipowner resides to furnish him upon request with a Certificate stating:—

(i) The ratio of the profits of any accounting period as computed according to the Income Tax law of the last-named country (subject to adjustment as may be necessary in regard to loan interest) to the gross earnings of the shipowner's vessel or fleet; or

(ii) The fact that there were no such profits.

(c) The non-resident shipowner to produce the above-mentioned Certificate together with a return of the amount of his freight, fares, &c., to the taxing authority of each country in which such income arises and that authority to apply the certified percentage to the amount of the freight, fares, &c., in that country in order to compute the amount of the profits assessable there.

(d) Where a country interested in the settlement of this percentage has a representative in the country where the shipowner resides, that representative, after being sworn to secrecy, would confer, where he deems it necessary, with the taxing authority concerning the Certificate to be granted to the shipowner.

(e) While normally it may be unnecessary for a taxing authority assessing the profits of a non-resident shipowner on the basis of these proposals to raise an assessment on a percentage of freight, fares, &c., before receipt of the Certificate referred to in (*b*) above, circumstances may exist where such an assessment is desirable (for example, in the case of the casual call for a tramp ship where there is no responsible resident agent): but where this is necessary, the shipowner should have the right to claim adjustment in due course on the basis of the Certificate.

15. It seems to the Committee that these recommendations as a whole would, if adopted, substantially remove the difficulties to which the Report of the Imperial Shipping Committee is directed, without impairing the jurisdiction of the Governments concerned.

On behalf of the Committee,

(Signed) R. V. NIND HOPKINS, *Chairman.*

October 31, 1923.

SESSIONAL PAPER No. 36

(ii) AIR COMMUNICATIONS

The discussion of this subject began at the Twelfth Meeting, held on the 19th October, 1923. The Conference had before them a memorandum by the Air Ministry on "Empire Commerce and the Air," I.E.C. (23)—10 (printed on page 357); the First Report on Imperial Air Mail Services by the Civil Aviation Advisory Board (Cmd. 1739/1922); and the Report on Government Financial Assistance to Civil Air Transport Companies, 1923 (Cmd. 1811/1923).

IMPORTANCE OF AIR TRANSPORT TO THE EMPIRE

Sir SAMUEL HOARE, Secretary of State for Air, in opening the discussion, said that he proposed to give a summary of developments in air transport since the last Imperial Conference, and to inform the Conference of any definite steps that the British Government proposed to take in the field of civil air policy. He emphasised the importance of developing civil air communications, and referred to the memorandum by the Air Ministry (page 357), which contained a statement, in tabular form, of the savings of time between London and various parts of the Empire that might reasonably be expected to take place if air communications could be extensively developed.

The last Imperial Conference left this question without arriving at any very definite decision, or taking decided action. Since 1921, advances had been made both as regards aeroplane development and airship development.

AEROPLANE DEVELOPMENT: THE HAMBLING COMMITTEE

As regards aeroplane development, progress had been made both as a result of certain enquiries conducted and in the light of practical experience gained. The Hambling Committee, although primarily concerned with European cross-Channel Services, had a definite connection with the wider question. Up to the time when the Committee was appointed, civil aviation, so far as aeroplanes were concerned, had been proceeding in a hand-to-mouth manner. It had been operated by a number of small private undertakings, and, judging the results from an international point of view, no very great advance had been made. It seemed to the Committee that civil aviation must be put on a stronger and wider basis, and their principal recommendation was that, instead of three or four small companies, all operating cross-Channel services, there should be a single strong company with a large backing of private capital. If this company could be well started, it would be easier to develop the longer Imperial routes. In Sir Samuel Hoare's view, the longer aeroplane routes would probably have to be developed by international arrangements, but it would be easier to negotiate such arrangements if there were a single strong national company with substantial Government representation.

POSSIBILITIES OF AN IMPERIAL AIR ROUTE

Another inquiry had been instituted in connection with the development of air mails. The Committee had collected much valuable information, and made an experiment, which had shown that a saving of 13¼ hours could be made between Plymouth and Manchester, and a saving of 19¼ hours between Plymouth and Belfast. Again, the Civil Aviation Advisory Board had undertaken a survey over a wide field of the possibilities of an Imperial air route by aeroplane. In their report they had proposed that research should be undertaken as to the type of machine and so forth, that various preparations should be made over certain sections of the route, and that tenders should be invited, either for a complete service or for a service over certain portions of the route. Sir Samuel

Hoare had not been in a position to produce the money in his estimates for the whole of these proposals, but he had been able to set aside a sum for building an experimental civil aeroplane capable of undertaking the long-distance journeys. He pointed out that the Government had actual experience of a mail service by aeroplane between Bagdad and Cairo. Although this service was being operated by military machines, which are economically somewhat extravagant, over a country that is practically desert, with no intermediate points at which to obtain passengers or traffic or mails, yet over this route of 886 miles, of the last sixty-nine journeys, sixty-five were successfully completed, and the average weight of mails carried during the twelve months ending September, 1923, was more than double that carried during the twelve months preceding. Very remarkable efficiency, he believed, had also been achieved in Australia with similar experiments, and, although he did not wish to set the case too high, and although civil aviation, as far as Europe was concerned, must be to some extent dependent upon Government subsidies for some time to come, his general conclusion was that heavier-than-air travel was becoming very much more reliable and was getting on to a much sounder economic basis.

AIRSHIP DEVELOPMENT: THE BURNEY SCHEME

The subject of airships was fully discussed at the last Imperial Conference, and there had subsequently been various communications between this country and different parts of the Empire. Nothing, however, came of the discussions or the communications, and the British Government came to the conclusion, in August, 1921, that they could not proceed with the maintenance and operation of airships. Since that time, however, certain proposals had been made to the British Government by private persons, the most conspicuous being connected with the name of Commander Burney. These had seemed to him of sufficient importance to demand most careful enquiry. A Sub-Committee of the Committee of Imperial Defence went into them with the result that on various grounds, military and civil, the Cabinet came to the conclusion that they ought to resume, in some way or another, the operation of airships, and that the best way to proceed was by subsidizing a private company on the general lines suggested by Commander Burney. The scheme generally was to develop a commercial air-ship service to India (originally to Australia, but this was found impracticable, at any rate to begin with). Commander Burney proposed, in the first place, to produce an airship that could get to India in 100 flying hours, and to conduct experiments with that ship. Next, to develop a weekly service to India with three airships; and, finally, to operate a bi-weekly service with six large airships of perhaps 5 million cubic feet. Government assistance would correspond with these three stages, and would be conditional on the various tests appropriate to each stage being satisfactorily carried out. Sir Samuel Hoare then gave an indication of the savings of time that would be effected between Great Britain and various parts of the Empire if the scheme developed successfully; so far as the practicability of the scheme was concerned, while not exaggerating its possible advantages, he thought that it was well worth trying. The technical experts saw no insuperable difficulties, and there were various developments connected with airships which went to diminish, if not to remove, certain of the most serious obstacles which had hitherto retarded progress. Other great countries were proceeding with the development of airships, and the actual position in Great Britain was that the Government had accepted, in principle, the Burney Scheme, discussion of details was proceeding, the financial side was in the main agreed, and there was no reason why the Scheme should not be agreed in full.

HELP OF DOMINIONS INVITED

He was most anxious that those Dominions interested in the question should give him their views on the subject and if possible assist the British Government financially or otherwise in carrying the Scheme into effect. He made it clear, however, that the British Government meant to go ahead, and not in any way depend upon the help of any Dominion. He suggested that the representatives of the Dominion who were interested in the development of airships should take the matter up with him at the Air Ministry, or that the Conference should appoint a Committee to go into the matter.

AIRSHIPS NOT OF IMMEDIATE INTEREST TO CANADA

Mr. GRAHAM said that he thought that at the present moment the question of airships was not of immediate practical interest to Canada. Canada was, however, interested in the development of air communications, and they had done some work in that respect themselves. He thought that the question of carrying freight was still largely a question for the distant future, but that the carrying of mails was a very important matter, and also to a limited extent the carrying of passengers.

AUSTRALIA'S INTEREST IN AIRSHIPS

Mr. BRUCE said that it seemed to him that the main question as regards the establishment of Empire air communications was the question of airships, and this would have to be very seriously considered. Australia would be quite prepared to consider the matter seriously if they were once convinced that it was a practical proposition, but he would like to have an opportunity of looking into the information available and of discussing the matter with the Air Ministry.

AUSTRALIA'S AEROPLANE EXPERIENCE

As regards aeroplanes, there were a number of questions which might usefully be considered by a small committee, and in this connection Australia had some experience. They had had one service running for about eighteen months now, and it had run without mishap, carrying a great quantity of mails and some passengers. That experience had demonstrated that in a country of very vast distances without communications a very valuable service could be rendered by the aeroplane. Another service was being started now in Queensland, and they had it in contemplation to start a service in other parts. He was interested in the Hambling Report, and Australia had had a Committee considering the same question, and that Committee had come to the same conclusion as the Hambling Committee, namely that the subsidizing of a number of small commercial enterprises was not a satisfactory way of handling the question. Other questions he would like to discuss with the Air Ministry were the question of the value of aeroplanes for survey work, and generally the question how far it is possible to employ the military side of aviation for more or less commercial purposes in peace time. It would be very valuable if some sort of liason could be established between the Governments so as to secure some continuity of information.

SOME DOUBTS REGARDING AIRSHIPS

Mr. MASSEY said he would like to see something practical done in the way of experimenting with airship services. Personaliy, he was somewhat sceptical about airships, because he was here in 1921 when the big airship, built in this

country and sold to the American Government, had, on its last trial flight, after trials which had been to a certain point exceedingly satisfactory, broken in two and caused a most terrible accident. He thought that it was important to know as soon as possible whether the practical experience that was yet to be obtained would warrant the development of air-ship services being pursued. If air-ships were going to be useful, Australia and New Zealand being so far away, would want to make use of them more than any other country. He knew of no better form of trial than that which had been suggested, namely, that air-ships should be tried by carrying mails to Egypt and, if possible, to India.

SOUTH AFRICA CHIEFLY INTERESTED IN AIR SURVEY

Mr. BURTON agreed that a meeting at the Air Ministry with the Minister and his experts was much better than a discussion at the Conference. The most interesting feature in the Minister's speech, to an undeveloped country like South Africa, was the use of the Air Service for survey purposes, and was a matter well worth attending to. He stated that, as South Africa was not in the scheme of Airship communication, and might not be in it for a long time, although the scheme was of immense interest and of tremendous potential future importance, at the moment South Africa was not really affected by it. He would, however, accept the Minister's offer to see him and his experts about the use of the Air Service for survey purposes, which might be of great importance there in future.

Mr. RIORDAN said that his Government were considering this matter at the moment, and were very directly interested in the question of civil aviation. He would like to arrange for one of their experts to attend the proposed Committee.

TWO PROBLEMS—THE DOMESTIC AND INTERNATIONAL

Mr. INNES thought that they might regard the problem from two points of view. First, that of their own internal civil aviation routes. That was a domestic problem which each country had to decide for itself, but at such a Conference as they were holding, if each one of them brought into the common stock the experience and knowledge they had gained it might be of great assistance to them. He had with him a complete statement of the position in India, and would like to be able to discuss it with the experts of the Air Ministry. That would be of great assistance to India. The other aspect of the question was the problem of the great international air routes. That problem concerned the Conference, as a Conference, very nearly. India had had a great deal to do with the problem during the past few years. His Majesty's Government had consulted the Government of India on more than one occasion, mostly with reference to a heavier-than-air service between England and India. Acting on the advice of their Air Board, the Indian Government had always felt doubtful whether such a service could be justified as a commercial proposition, at any rate for a very long time to come, but the Air Board in India had considered the figures which had been placed before it in regard to Commander Burney's airship scheme and that scheme appeared, on the figures given, to offer much more in the way of a commercial scheme. He was authorized to say that, though the Government of India could not say much on the subject, as they were not acquainted with the details of the scheme, they did take the keenest interest in a scheme of that kind, especially as it would reduce the time taken in the transit of passengers, mails and parcels between England and India from, he understood, fourteen and a half days to five days.

As every one knew, the Government of India was in financial difficulties, and he doubted whether they could agree to assist in the experimental stage of

the scheme. He understood that that stage covered the period during which a service would be worked experimentally between England and Egypt and that the extension to a later stage, namely, the continuation of the service from Egypt to India would depend upon the result of the first experiment. He would be very glad if the small committee suggested by Sir Samuel Hoare were formed in order that the full details of the scheme might be given to him. The Government of India were prepared to consider those details with the greatest interest and sympathy.

VALUE OF AIR SURVEY IN DEVELOPMENT OF THE COLONIES

Mr. ORMSBY-GORE referred to survey work. An attempt had been made in British Guiana, but the machine sent out had been unsuitable, and had come to grief, and the Colony could not afford another one. The trouble was that the very Colonies where an aerial survey would be most useful, such as British Guiana and Northern Rhodesia, where there was a great belt of sleeping sickness difficult to pass through, were the very ones that could not afford to pay for it. Their experience suggested that a specialized type of machine was required as well as experienced observers and surveyors. When the Air Force went into this matter he hoped they would consider British Guiana and Northern Rhodesia and Tanganyika Territory; they were valuable fields for further experiment, and aerial survey in them might be of great value to the development of the Empire.

THE IMPERIAL SIGNIFICANCE OF AIRSHIP DEVELOPMENT

Mr. AMERY then urged upon the Conference the great importance of the airship to Empire development. Experiment had gone very far. German Zepplins flew some hundreds of thousands of miles as a commercial proposition before the war with hardly an accident. During the war one of them flew to East Africa and back. In the United States long distances had been achieved. Other proposals were on foot which, if the matter were still in a purely experimental stage, would hardly be practicable. Mr. Massey had referred to a serious accident. This was undoubtedly due to the fact that the ship had been built for military purposes, without that strength and stability that it would have had if built for commercial purposes. Technical experts were convinced that the larger the airship the easier to handle and the safer it would be. An airship was far more comfortable than a liner and went faster. But what was really important was that, if it were once proved that airships could do long distances without halting, the whole question of world transportation would be enormously simplified. All that mattered then would be the shape of the globe, and the winds that blow round it. The north-east wind would send an airship north of Iceland across Greenland by the shortest route to Western Canada. With the trade wind that Columbus followed, the ship would go in three to three and a half days to the West Indies and round with the south-west wind back via the United States. It might be a sound proposition to go to Australia by way of the Cape with the advantage of the forty miles an hour of the Roaring Forties. And this not in the remote future. Within five years, lines of airships might be found developing to all sorts of points in the Empire. This would affect economic development to an enormous extent. It would also affect the important problems of defence and constitutional relations. He had a very profound conviction that, unless some unforeseen difficulty should emerge, within ten years we should find ourselves in a new age of transportation.

APPOINTMENT OF COMMITTEE

The Conference decided that a Committee should be set up (1) for the purpose of enabling the Air Ministry and the Dominion Representatives to discuss the financial, technical and operational details of the Burney Scheme with a view to ascertaining how far and in what way it is possible to ensure Imperial co-operation, (2) for the purpose of affording an opportunity for an interchange of information with reference to other questions connected with civil aviation and for arranging the best means for ensuring a continuance of this interchange of information for the future.

ADOPTION OF RESOLUTION

The Committee sat, and reported in due course. Its report was discussed at the Twenty-first meeting of the Conference, held on the 7th November, 1923. The Conference adopted the three resolutions contained in the report (see page 363).

AIR COMMUNICATIONS

EMPIRE COMMERCE AND THE AIR

Memorandum by the Air Ministry (I.E.C. (23)—10).

When the question of speeding up Imperial Communications was discussed at the Imperial Conference in 1921, the conclusion was reached that surface communication offered no hope of considerable improvement, and the use of air routes for this purpose was therefore considered. At that time, however, there were not sufficient data upon which definite action could be taken. The object of the present memorandum is to summarize the subsequent developments in regard to air commerce and to suggest the desirability of the co-ordination of Imperial air policy in the future.

The main directions in which the air offers service of commercial utility to the Empire are Communications and Survey.

1. *Communications.*—Since the Imperial Conference of 1921, a Civil Aviation Advisory Board consisting of technical experts and representatives of the leading commercial associations in Great Britain have considered in detail the operation of alternative services by heavier-than-air machines from Great Britain to India. The report of the Committee is attached.

Since this report was issued further experience has been gained on the subsidized air routes between England and the continent, which has resulted in increased efficiency in the maintenance of regular services only surpassed by the 100 per cent efficiency obtained in Australia. It has also shown the practicability of a more intensive use of material than in the past with resultant economics in running costs, and it is reasonable to suppose that this principle could be still further extended by a unified control and operation of British air lines. Recommendations embodying this principle were made by the Hambling Committee which sat early in this year. The report of this Committee is also attached. Although consideration of Imperial air routes was outside the terms of reference to this Committee, many of the considerations upon which their recommendations are based are equally applicable to the question of Imperial air routes.

Proposals for utilization on a commercial basis on the Imperial routes have been formulated and are now under consideration, but it should here be recorded that though the adoption of an airship policy for the main Imperial

routes would affect aeroplane services, the effect would not be adverse. Heavier-than-air and lighter-than-air services should be complementary. The commercial utility of airships is confined to long distance flight, and in any airship route the stopping places would be at a great distance from one another. It can be anticipated that an airship service would create a demand for speedy transport radiating from these stopping places to cities off the line of route and to intermediate commercial centres on the line of route.

The saving of time which would result from the establishment of air routes will be apparent from the comparative table attached (Annex (A), which shows the times taken in transit on certain Empire routes when travelling—

(i) By existing means of communication.

(ii) By airship services employing a type of airship known to be a practical possibility.

(iii) By an existing type of aeroplane employed in daylight flying only.*

Practical proof of the potentialities of obtaining such time-saving results is afforded by the service which is carried out by the R.A.F. from Cairo to Bagdad. By this service the time occupied in the carriage of mails between Cairo and Bagdad is reduced from nineteen days to two. Extension of the route to Karachi as recommended by the Civil Aviation Advisory Board would reduce the time occupied in transit from Cairo to Karachi from twelve to four days, and a natural extension of the line to Calcutta woud effect a saving of five days on the existing service of eleven days from Cairo.

In assessing the Imperial and economic value of air services such as these, it is the increased traffic which may be expected and not merely a proportion of existing traffic that demands attention. Increased commerce invariably follows improved means of communication, and it is largely the time factor that prevents the business man in Great Britain from visiting Canada as he now visits France, or from travelling to Australia with the same frequency with which he now travels to the United States.

To avoid any possibility of the unnecessary duplication of overhead charges, and to obtain the utmost economy in the operation of aircraft for purposes of Imperial commerce, it is, of course desirable that there should be the highest possible degree of co-ordination consistent with such freedom of action as is necessary to meet local conditions.

2. *Survey.*—It is of importance that the Governments of the Empire should assist one another to systematize the development and operation of air survey services. In Great Britain the usefulness of such undertakings is for obvious reasons small, though even here commercial undertakings have appreciated its utility, and recently an aerial survey party was sent from London to the North of Ireland to carry out an aerial survey of Lough Neagh for a commercial firm undertaking hydro-electric power plant erection. In parts of the Empire, which possess territories as yet undeveloped, air survey undoubtedly offers advantages not yet fully realized. To air survey in Canada belongs the achievement of being the first aerial commercial undertaking to reach an established self-supporting basis. On this service virgin forest country is photographed and the nature of timber subsequently classified with complete accuracy. The presence of mineral oil in vegetated areas can be ascertained in the same manner. For geographical survey and mapping, air work can now be relied upon to give an accuracy of 99 per cent as compared with land survey in country which is comparatively flat, and of 95 per cent in mountainous country.

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* In this latter connection it should be stated that recent night flying experiments demonstrated the complete practicability of commercial night flying in the absence of fog and low cloud.

Costs of initial equipment and of transport equipment call, however, for co-ordination of air survey schemes over large areas in order to bring overhead expenditure within reasonable limits. It is impossible, owing to variations in cost due to different geographical conditions, to lay down general estimates of the cost of aerial survey, but some idea of the saving effected by operation over large areas may be obtained from the fact that, at a rough estimate, the cost of an aerial survey of an area of 55,000 square miles would be 1*l.* per square mile, and if the area were 110,000 square miles the cost would be reduced to 14*s.* 10½*d.* per square mile.

The machinery for co-ordinating these Empire air services remains to be set up. Such co-ordination cannot, however, be fully achieved without co-operation for utilization of Imperial equipment within the Empire. This is not merely a matter of securing markets within the Empire for Empire aircraft, but it is essential with a view to securing mutual benefit from progress in design, common operational practice, and the ultimate advantages of standardization and interchangeability. But most important of all is a common realization that the greatest value can be obtained for the air services of the Empire only by co-ordinated effort.

April, 1923.

ANNEX (A).

TIMES TAKEN IN TRANSIT ON EMPIRE ROUTES

Service	Existing Transport	Airship or Airship and Aeroplane	Aeroplane Daylight Flying
London–Dublin	9½ hours		4 hours
London–Malta	5 – 7 days		2 days
London–Cairo	5½ – 8 "	2 days	3 "
London–Mombasa	18 – 24 "	9 "	10 "
London–Zanzibar	19 – 29 "		
London–Karachi or	17 "	4½ "	6 "
London–Bombay	14½ "		
London–Colombo	17½ "	6 "	
London–Calcutta	16½ "	6½ "	8 days
London–Rangoon	18½ "	6½ "	9 "
London–Singapore	24 "	8 "	11 "
London–Shanghai	30 – 34 "	12 "	14 "
London–Perth (W.A.)	28 "	11 "	14 "
London–Melbourne	31 – 32 "	13 "	16 "
Cairo–Malta	2½ "		1 "
Cairo–Khartoum	4 "		1½ "
Khartoum–Port Sudan	1½ "		¾ "
Port Sudan–Aden	4 "		2 "
Aden–Mombasa	8 – 14 "		3 "
Aden–Zanzibar	9 – 19 "		
Cairo–Karachi	12 "	2½ days	3–4 "
Cairo–Baghdad	19 "		1–2 "
Baghdad–Karachi	9 – 11 "		2 "
Karachi–Bombay	2 "		¾ "
Karachi–Calcutta	3½ "		2 "
Bombay–Madras	2 "		1 "
Calcutta–Rangoon	3 "		1 "
Colombo–Madras	36 hours		1 "
Rangoon–Singapore	5 days		2 "
Singapore–Perth (W.A.)	17 "		4½ "
Singapore–Port Darwin			2 "
Port Darwin–Perth (W.A.)			2 "
Singapore–Hong Kong	6 days		2 "
Hong Kong–Shanghai	3 "		1 "

ANNEX (B)

Customs Duties on Aircraft and Accessories

The following statement, which has been compiled in the Department of Overseas Trade from the latest information available, shows the duties leviable on aircraft on importation into the various countries of the Empire.

	British Preferential Tariff	General Tariff
United Kingdom.	Per cent	Per cent
Aircraft and engines for aircraft are free of duty, and so are accessories *as such*. Certain articles, however, which are, or may be, used as aircraft accessories (as, for example, ignition magnetos and arc-lamp carbons) are subject to key industry duty at the rate of 33⅓ *ad valorem*. Key industry duty is not applicable to goods produced in and consigned from the British Empire	.	.
Irish Free State.		
The customs tariff, which took effect on the 1st April, 1923, appears to agree in all respects with the tariff of the United Kingdom	.	.
Australia.		
Aeroplanes and other aircraft, including balloons and parachutes	25 *ad valorem*	35 *ad valorem*
Parts and materials used in the manufacture and repair of aeroplanes and other aircraft, as prescribed by departmental by-laws	Free	10 "
Landing lights specially constructed for use in aerodromes for night flying	"	10 "
Canada.		
Aeroplanes and other aircraft, and complete parts thereof, under regulations prescribed by the Minister of Customs and Excise	"	27½ "
And on and after the 1st July, 1923	15 *ad valorem*	27½ "
NOTE.—A "sales" tax is levied, in addition to import duties, on the duty-paid value at the following rates:— 3½ per cent on importations by wholesalers or manufacturers. 6 per cent on importation by retailers or users.		
New Zealand.		
Flying machines	Free	10 "
Engines, specially suited for flying machines, including necessary controlling gear for same	"	10 "
Eyebolts, galvanised	"	10 "
Implements and fittings specially suited for use in straining or stretching wires	"	10 "
NOTE.—A primage tax of 1 per cent *ad valorem* is also levied, whether goods are otherwise dutiable or not.		
South Africa.		
Airships, aeroplanes and other aircraft, including completed parts thereof	Free	3 *ad valorem*
British India.		
Aeroplanes, aeroplane parts, aeroplane engine parts	.	2½ "
Newfoundland.		
Aircraft, &c., are not separately mentioned either in the dutiable or in the "free" list, and no definite information is available as to the customs treatment applicable to such articles	.	.
*Aden**	Free	Free
Ceylon.		
Prime movers and component parts thereof	.	2½ *ad valorem*
Unenumerated goods	.	10 "
*Cyprus**	8½ *ad valorem*	10 "
*Falkland Islands**	Free	Free
*Federated Malay States**	"	"
*Fiji**	15 *ad valorem*	27½ *ad valorem*
*Gambia**	.	7½ "
*Gibraltar**	Free	Free
*Gold Coast and Togoland**		20 *ad valorem*

*Aeroplanes are not specifically mentioned. The tariff treatment specified is that to which unenumerated goods are subject.

	British Preferential Tariff	General Tariff
	Per cent	Per cent
*Hong Kong**	Free	Free
*Kenya**		20 *ad valorem*
*Malta**		7½ "
*Mauritius**		12 "
Nigeria.		
Free. (Certain accessories, however, might be held to be dutiable at the rate of 15 per cent *ad valorem*, as "articles of brass, copper, zinc . . . . and all minor metal articles")		
*Nyasaland**		16 *ad valorem*
*Palestine**		12 "
Rhodesia.		
Airships, aeroplanes and other aircraft, including completed parts thereof	Free	3 "
*Sierra Leone**		25 *ad valorem*
*British West Indies.**		
Antigua	10 *ad valorem*	15 "
Bahamas	9½ "	12½ "
NOTE.—Steam, oil, gas or electric engines are duty free.		
Barbados	10 "	20 "
Bermuda		11 "
British Guiana	16⅔ *ad valorem*	33⅓ "
British Honduras	10 "	20 "
Dominica	10 "	15 "
Grenada	12½ "	18¾ "
Jamaica	15 "	20 "
NOTE.—Prime motor engines of all kinds are duty free.		
Montserrat	10 "	15 "
St. Kitts Nevis	10 "	15 "
St. Lucia	10 "	15 "
St. Vincent	11 "	16½ "
Trinidad and Tobago	10 "	20 "
*Straits Settlements**	Free	Free
*Tanganyika**		20 *ad valorem*
*Uganda**		20 "

*Aeroplanes are not specifically mentioned. The tariff treatment specified is that to which unenumerated goods are subject

AIR COMMUNICATIONS COMMITTEE

REPORT

1. The Air Communications Committee was established at the meeting of the Imperial Economic Conference on Friday, the 19th October, 1923, with the following terms of reference:—

> "That a Committee be set up (1) for the purpose of enabling the Air Ministry and the Dominion Representatives to discuss the financial, technical and operational details of the Burney Scheme with a view to ascertaining how far and in what way it is possible to ensure Imperial co-operation; (2) for the purpose of affording an opportunity for an interchange of information with reference to other questions connected with Civil Aviation and for arranging the best means of ensuring a continuance of this interchange of information for the future."

2. The Committee was constituted as follows:—

The Right Hon. Sir Samuel Hoare, Bt., C.M.G., M.P., Secretary of State and President of Air Council.

His Grace the Duke of Sutherland, Under-Secretary of State for Air.

Sir G. L. Barstow, K.C.B., Controller of Supply Services, Treasury.

The Hon. G. P. Graham, LL.D., Minister of Railways and Canals, and

Major-General J. H. MacBrien, C.B., C.M.G., D.S.O., Chief of General Staff, Canada, and

Commodore W. Hose, C.B.E., R.C.N., Director of Naval Service, Canada.

The Right Hon. S. M. Bruce, M.C., Prime Minister of the Commonwealth of Australia.

The Right Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand.

Mr. J. J. Walsh, Postmaster-General, Irish Free State.

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland.

Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor General's Council for Commerce and Railways, and

Sir E. M. Cook, C.S.I., C.I.E., India.

Sir James Stevenson, Bt., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.

Mr. Noel Smith, M.B.E., Air Ministry, and Mr. J. C. B. Drake, O.B.E., Secretary to Indian Delegation, Joint Secretaries to the Committee.

3. Brigadier-General F. H. Williamson, C.B., C.B.E., Director of Postal Services, joined the Committee on the 25th October.

4. The Committee met on the 29th October at the Air Ministry, discussed the subjects within its terms of reference, and decided to recommend the following resolutions for adoption by the Imperial Economic Conference:—

(1) That the British Government should circulate to the Dominions and India a statement showing the present anticipated operational performances of rigid airships and in the future should circulate regularly up-to-date information of the progress of the Burney airship proposals in order that consideration of Empire participation in these or future airship proposals might be facilitated.

(2) That the British Government should prepare a draft procedure designed on a reciprocal basis to secure more rapid and more extensive interchange of information in regard to civil aeronauties and should submit this for the consideration of the other Governments of the Empire with a view to general adoption.

(3) That having regard to post-war developments, any British oversea countries which have no up-to-date experience of air photography and contemplate the use of air survey, would be well advised, whenever possible, to consult other Empire Governments having such experience before accepting estimates or schemes providing for its use.

Signed on behalf of the Committee,

SAMUEL HOARE, *Chairman.*

November 5, 1923.

(iii) CABLES AND WIRELESS

The Conference had before them the Memorandum on Cables and Wireless Communications of the Empire, I.E.C. (23)—7, printed on page 404. In connection with representations made to them by the Empire Press Union, the Conference appointed a Committee to receive a deputation from the Union on the subject of overseas communications by cable and wireless telegraphy. The proceedings of the deputation, which was received on the 23rd October, 1923, are printed on page 414.

At the Ninth Meeting of the Conference, held on the 16th October, 1923, the Postmaster-General, Sir L. Worthington-Evans, made his opening statement, the earlier part of which, dealing with mails and postal questions, has already been reported under the heading of Shipping Communications above. The portion of the Postmaster-General's statement, and of the subsequent discussion, which related to Cables and Wireless, was as follows:—

Sir L. WORTHINGTON-EVANS: I will now turn to Telegraphic Communications, and I think the two aspects of this problem which will be of interest to Dominion representatives are, firstly, the sufficiency of the cables connecting the different parts of the Empire for the traffic which they have to carry, because upon this depends a quick and reliable service; and, secondly, questions of rates and charges.

The cable communications of the Empire fall into two main groups, firstly, the Transatlantic routes and, secondly, the system of the Eastern and its associated Companies.

(A) TRANSATLANTIC ROUTES

The Transatlantic routes provide communication with Canada and Newfoundland and form an important link in the State-owned route via Imperial and Pacific to Australia and New Zealand. Before the war it was somewhat of a reproach to the British Empire that the whole of the cables across the Atlantic were either owned or leased by American Companies and their operation was, therefore, under American control.

(i) *Imperial Cables.*

Since that date the British Government has acquired the two Imperial cables which are worked direct between London and Halifax (Nova Scotia). The first cable was constructed in 1917 by diversions and additions to the German Emden-Azores-New York cable, which was taken possession of by the British Government in the war. The second was purchased in 1920 from the Direct United States Company. Between them these cables now carry about 14 million of paid words per annum, and there is still considerable spare capacity for expansion of traffic. The steadily increasing business of these cables shows, I think, that the service is satisfactory, and, in point of speed, it beats all the other Transatlantic routes. The average transmission time between London and Montreal via Imperial during the past six months has been about three-quarters of an hour for full-rate telegrams.

(ii) *Pacific Cable. Additional Capacity required.*

The other link in the State-owned route to Australia and New Zealand is the great Pacific cable which was laid in 1902. The traffic carried by the cable has increased from about 3 million words before the war to 10 million words in 1921-23, and I understand it is now loaded to its full capacity. The Pacific Cable Board, which is responsible for its administration, has been considering for some time past the duplication of the whole or part of the route, and additional cables have been laid and will be brought into use, I believe, within the next few weeks, which will relieve the pressure between Australia and Fiji. But the more difficult problem still remains of providing an alternative route over the long stretch of about 3,500 miles between Vancouver and Fanning Island, in mid-Pacific, and between Fanning Island and Fiji. Experiments have been carried out by the Board to test the possibility of a wireless service as an alternative means of communication between Vancouver and either Fiji or Fanning, and in the light of these experiments the Board will, no doubt, be able to reach a conclusion whether wireless or a duplication of the cable is the most promising

policy. In view of the steady expansion of the traffic, I have no doubt it will be the view of all the Dominions concerned that additional capacity, whether by wireless or cable, is urgently required on this route. Although the present traffic can be carried efficiently, the absence of spare capacity is a bar to the reduction of rates, because any substantial accession of business which a reduction of tariff might be expected to bring could not be comfortably carried on the single cable and would lead to delay and deterioration of the service.

Before I pass from the problems of the Pacific Cable Board I should like to give expression to the regret we all feel at the recent and unexpected death of the Chairman, Sir Henry Babington-Smith, who has guided the policy of the Board at a very difficult period of its history with an ability to which I think his colleagues will be the first to testify.

(B) EASTERN SYSTEM. TRIBUTE TO EASTERN COMPANY

The other principal group of cables is the extensive system of the Eastern and its associated Companies, which provides communication *inter se* between Great Britain, the whole of Africa, India and the Far East, with connections to China and along the East Coast of South America and with other foreign countries. It also offers an alternative route to the Pacific cable to Australia and New Zealand.

In the period immediately succeeding the war, telegraphic communication with India and the East was subject to serious difficulties and delays. At one time telegrams to the Far East took from seven to ten days in transit. This situation was mainly due to three causes:—

1. Considerable increase in traffic;
2. The suspension of the alternative routes to the Far East via Siberia, and to India via the Indo-European Company's lines, and
3. The interruption of the normal work of cable repair and renewal during the five years of war.

By now, however, the Siberian route to the Far East is again open, and the Indo-European Company's route through Germany, Russia and Persia to India has been restored and was opened to traffic last month.

The Eastern Company have not only made up the leeway in the renewal of their existing system, but they have completed two additional lines of cable the whole distance from Great Britain to Singapore, touching at various stations *en route*. The additional cable capacity thereby obtained, together with the reopening of the alternative routes, has restored the service to its pre-war efficiency, and the normal transmission time for full-time messages to all the more important destinations in India, Africa and Australia on the Eastern system does not now average more than three or four hours. It is difficult to overestimate the debt which the Empire owes to this great association of Companies which were the pioneers of British cable enterprise. The Eastern Company celebrated its jubilee last year and it is a significant example of the enterprise which the Company have always shewn that they should have been able and ready to spend the very large sums, running into several millions, involved in the provision of two new cables to almost the farthest ends of the Empire.

NEW CABLE SCHEME FOR WEST INDIES

There is one part of the Empire in which cable communications are not in such a satisfactory position. I am speaking of the West Indian Colonies. The requirements of these Colonies are at present served to a large extent by the West India and Panama Company. The Imperial Government has considered the best means of providing the communications required in the event of this-

Company ceasing to function, and a comprehensive scheme has now been prepared which has been agreed to in principle by the Government of Canada and by the Colonies concerned. The scheme involves the provision of a new cable from Turk's Island to Barbadoes, whence it will bifurcate to Trinidad on the one hand and British Guiana on the other. The smaller islands will be served by a number of wireless stations subsidiary to the cable which will connect with a central station at Barbadoes. The new cable will connect with Canada via the Halifax-Bermuda cable. Tenders are on the point of being invited for the cable required, and I hope the order will be placed in a few weeks' time.

CABLE RATES

I will now turn to the question of rates. It has been the settled policy for many years past, both of the Imperial and Colonial Governments, to bring cable communication within the reach of an increasing proportion of the population by the gradual reduction of rates, and for some years past all licenses to British Companies issued by the Government have included a clause providing that the Postmaster-General may call upon the Companies to reduce their rates, any difference being referred to the Railway and Canal Commission for decision. It is fair to the Companies to say that, generally speaking, they have willingly fallen in with this policy. The reduction of rates would, no doubt, have proceeded more quickly if it had not been for the war, and for the consequent large increases in the cost of cable operating and maintenance. It is not only the wages of the operators which are involved but the rise in the cost of cable for repairs and renewals, and the maintenance of ships, and practically every other item of expenditure. Notwithstanding these increases important concessions to the public have been made. The Eastern Company's rate of 2s. 6d. a word to South Africa has been reduced to 2s. at the end of 1919, and quite recently the 1s. rate to Canada has been reduced to 9d. The Australian Government have the right, when they choose to exercise it, to require the Eastern Company to reduce the Australian rate from 3s. to 2s. 6d., and I have no doubt that as soon as further capacity is available on the Pacific cable, to which any reduction would also have to apply, this concession will be called for. But the reductions on full-rate telegrams, valuable though they are, have only been one and perhaps not the most important means of cheapening cable communication.

DEFERRED, WEEK-END AND NIGHT LETTER SERVICES

The last few weeks has seen a notable development in the cheaper types of telegram, I mean such classes as deferred, week-end and night letter telegrams. There is no doubt that a considerable proportion of the messages sent over these long distances can, without disadvantage, be deferred for one or two days, and the popularity which these cheap services have attained show that they meet a real demand on the part of the public. Week-end messages can now be sent to Canada at the rate of 2½d. a word. The week-end rate to Australia was reduced to 7½d., and to New Zealand 7d. on the 1st September last. A day letter service was introduced on the 1st September for Australia and South Africa at rates of 9d. and 6d. a word respectively, and to India on the 1st October. These rates represent about one-fourth of the charge for ordinary telegrams, and I think the large use which is being made of them shows they are successfully developing what I may call the social or domestic traffic. The week-end telegrams sent over the Pacific cable last year aggregated three and a half million words, almost as many as those sent at full rate. I hope the process of reduction will continue. I think we shall all be agreed that especially in the case of long distances there is still considerable scope for it.

SESSIONAL PAPER No. 36

IMPERIAL WIRELESS SCHEME ABANDONED

I will now turn to the question of wireless communication. I do not suppose there is any fundamental difference of opinion between us as to the importance of wireless service. A few enthusiasts anticipate that wireless will supplant communication by cable, but I think its proper function and probable development is rather to supplement than to supplant cable communication. In the present state of wireless science it certainly does not provide either as accurate, or as reliable, or as swift communication as cables, and it is, moreover, open to interception, but all of us recognize that its enormous potentialities and improvements are developing every year, and the provision of up-to-date wireless service will increase the existing capacity of our means of Imperial communication and tend ultimately to the reduction of rates.

The late Government, acting on the advice of a committee constituted in 1919, submitted to the Dominions a comprehensive scheme for the provision of Imperial wireless stations, each of which would be owned and operated by the Dominion in which it was situated. This scheme, however, did not meet with the approval of the Dominions, and I can quite understand that, faced with the same financial difficulties that we are at home, they preferred to employ or license a private undertaking and so avoid the necessity of incurring the considerable capital expenditure entailed in the erection of State-owned stations. The means by which each Dominion would co-operate in the Imperial scheme, I mean whether it should employ a private company or erect a station of its own, was of course a question entirely for each Dominion Government to settle, and the Imperial Government accept the decisions they have come to.

BRITISH WIRELESS TRAFFIC TO BE DIVIDED BETWEEN GOVERNMENT STATION AND PRIVATE COMPANIES

As regards Great Britain, the Government have decided, in the first place, to provide themselves a station which will be owned and operated by the Government, and, secondly, to license private companies to conduct services subject to an agreement with the Government as to the division of traffic between the companies and the Government station. We are pressing on with the Government station as quickly as possible. A site near Rugby has been secured. The orders for a considerable portion of the plant have already been placed, and I anticipate that the station will be completed before the end of next year, but we have not yet arrived at a satisfactory division of the services with the Marconi Company.

NEGOTIATIONS WITH MARCONI COMPANY

The Marconi Company originally expressed a strong preference for a pooling arrangement as between the Government station and the Company's station. There appeared to me to be disadvantages in a pool under which responsibility for the services would be, to some extent, divided, but as it was the basis which the Company themselves desired, negotiations proceeded on that footing, and by the end of July last we had reached such a measure of agreement that only a few minor points were outstanding, and I had hoped that an agreement would have been completed within a few days.

The Company have, however, since then changed their minds, and they have intimated that, for reasons which I am not altogether able to appreciate, this arrangement is not now acceptable to them. I regret that they did not arrive at this conclusion at an earlier date, for a good deal of delay would have been avoided, but I do not wish to press a scheme of joint working upon them

if they are definitely opposed to it, and I have indicated that the Government would be prepared to divide the services on what I may call a regional basis, which, at the outset, appeared to me to be the best arrangement, so that the services for Canada and South Africa, for example, should be conducted by the Government station, whilst those for India and Australia should be conducted by the Marconi Company's station. The Government station is to be erected partly for commercial and partly for strategic reasons. It is essential, that in parting with the monopoly which the Government possesses by statute, we should secure that a sufficient amount of commercial traffic is reserved for the station to operate. Provided this is secured I shall be ready to meet, as far as I possibly can, any views which the Marconi Company may submit to me. The services to be given by the Government station will not be less efficient than the Marconi Company's, and the Government station is likely to be open for traffic before the Company's, and I hope that the Canadian and South African Governments will see their way to concur in the proposal I am making.

APPEAL FOR SUPPORT OF IMPERIAL ATLANTIC CABLE ROUTE BY DOMINION GOVERNMENTS

There are two or three minor matters upon which I should like to ask the assistance of my colleagues from overseas. On the subject of Imperial cables there are two points of detail in regard to which I should like to bespeak the assistance of the Dominion authorities. I think the movement in favour of the State-owned route to Canada and Australia derived its impetus as much, if not more, from the Dominions as from the mother country, and, now we have such a route, we are anxious to secure as much traffic as we legitimately can, and in particular we think we have a fair claim to all Government messages, that is, on cables. All the traffic initiated by the Imperial Government to Canada, Australia and New Zealand is sent via Imperial, but we have reason to know that several of the departments representing the Canadian and Australian Governments in London, and some of the Government departments in the Dominions themselves still use the competitive routes either of the American or the Eastern Companies, and I should be very grateful if the Prime Ministers of Canada and Australia could see that all the traffic over which they have control is sent via the Imperial route, which is certainly not inferior to its competitors either in speed or in accuracy.

DESIRABILITY OF CO-OPERATION OF CANADIAN PACIFIC RAILWAY IN IMPERIAL ROUTE SCHEME

The second point concerns Canada only. The traffic passing over the Imperial cables is conveyed across Canada by a land line leased from the Canadian Pacific Railway, and the railway claim an exclusive right to all telegrams destined for the Imperial cable. This claim, if it be recognized, prevents traffic handed in to the Canadian National Telegraph Offices being forwarded by the Imperial route. It is clearly a deplorable situation that, for this reason, messages handed in at a Government Telegraph Office in Canada should have to be forwarded by the route of an American Company, and it occurs to me that possibly the Canadian representatives may be able to help us in smoothing away the difficulty which has arisen with the Canadian Pacific Railway. I understand the question is not one of legal right, but of harmonious working, and, as the Canadian Pacific Railway give an admirable service, we are anxious to carry them with us rather than to override autocratically a claim which is no doubt honestly put forward.

APPEAL TO AUSTRALIA TO REDUCE TERMINAL RATE

While I am on this subject, perhaps I might appeal to Mr. Bruce to re-examine the possibility of reducing the Australian terminal rate, which is in part responsible for the very high charge to Australia. The Australian Post Office at present collect 5d. a word on all traffic, including that which is collected or delivered by the Eastern Company or the Pacific Cable Board, even though it is not handled at all by the Australian Post Office. To this extent the terminal charge is a royalty and not a payment for services rendered. The corresponding charge in England is 1d. a word, and this only applies to traffic which is actually handled by the British Post Office. The exaction by the Government of so heavy a charge appears to me hardly consistent with an avowed policy of cheap communication, and I feel sure a lowering of the rate would be highly appreciated by the commercial community and would stimulate cable communication with Australia.

Well, Sir, I have dealt I am afraid rather at length, but still as briefly as I could, with the mails, the telegraphs and the wireless, and I have ventured to point out to my colleagues from overseas two or three things which I felt sure they would like to meet us upon, if it is at all possible.

THREE RESOLUTIONS TO BE SUBMITTED

There are three resolutions which are to be submitted to the Conference, and perhaps I had better call attention to them. They occur in I.E.C. (23)—7 on the last page. "It is suggested that the following proposals should be put before the Imperial Economic Conference: (*a*) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration." I think Mr. Amery would explain that. I have already dealt with (*b*): "That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provisions of a State-owned connecting link across the Atlantic, all possible support"—I am here appearing as a trader asking for custom—"should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided." That I hope we shall agree to. Then (*c*) is: "That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations) preference should be accorded to British Companies." That I think speaks for itself.

DISCUSSION ON POST OFFICE COMMUNICATIONS

NATURE OF IMPERIAL COMMUNICATIONS COMMITTEE

Mr. AMERY: I did not know that Resolution (*a*) was really coming forward at so early a stage. The Imperial Communications Committee is a committee of the British Government and of its Departments, which deals with Imperial communications—that is to say, more particularly with cables and wireless. I have been its Chairman for some time, and previously Lord Milner, and afterwards Mr. Churchill, were Chairmen. I believe in the days of its inception there was some consultation actually carried out, or at any rate contemplated, with representatives of other Governments of the Empire, with a view to making it an Imperial committee as well as a British committee dealing with Imperial communications; but as a matter of fact, pending the actual carrying out of the scheme then contemplated, of a State-owned chain of wireless stations round the Empire, that aspect of the Committee was not proceeded with and it has up to the present remained, in effect, a British Departmental committee.

CAUSE OF ABANDONMENT OF IMPERIAL WIRELESS SCHEME

Now as the Postmaster-General has explained, the State-owned conception has largely lapsed, partly no doubt for revenue reasons, but partly also because, with the progress of wireless science in the last few years, the conception of a chain of stations round the Empire is itself out of date; because it is now possible for each part to have a station, if it cares to put up the money, which will communicate with any other part of the Empire. You do not need links at intervals of 2,000 miles. It is possible to have a station in England to communicate direct with a station in New Zealand, and vice versa, and it is that which, taken together with the original financial difficulty, caused the original scheme to break down.

NEED FOR EXCHANGE OF TECHNICAL INFORMATION

Recently, in dealing with the new situation as it has arisen, we felt, on the Imperial Communications Committee, that while it may be desirable, and perhaps is desirable, that there should be free play round the Empire both of State-owned and of privately-owned stations dealing with wireless, there are certain very important questions affecting wave-lengths. There are only a certain number of limited wave-lengths which we can get allotted to us among the wave-lengths which have been partitioned among the wave-length nations of the world.

There are certain technical and other aspects of the problem which are of interest to the Empire as a whole, and with regard to which it would be valuable for each Government to have an advisory opinion from somebody who can exchange technical information with the other Governments; and it occurred to us that it might best be met by asking the Governments of the Empire to attach some representatives to the present Imperial Communications Committee or in some other form to create an Advisory Committee on the technical aspects of inter-Imperial wireless. It is not a question of creating any body whose functions would be otherwise than purely technical and advisory on some of these rather intricate points affecting wave-lengths—the type of station, and a number of problems which crop up in connection with the astonishing developments which wireless science has been going through, and will no doubt continue to go through in the next few years. That is really all I have to say on that point.

APPRECIATION OF WORK OF PACIFIC CABLE BOARD

Mr. Graham: As to the telegraphs, cables and wireless, I will not say anything particularly about the cables only that I join with the Postmaster-General in regretting the death of the President. We had two vacancies on the Board for Canada to fill recently, and I am glad to say we have secured Sir Campbell Stuart and Mr. Pacaud, and we think they will make valuable additions to that Board. As to the work on that Board, I think it can be summed up by a little statement I have as to the value of the work of that Cable Board: "The financial statement of the Pacific Cable Board, contained in their annual report for 1922, shows a profit of £153,565." I will not give the details. Sufficient to say that they operate at a profit, and in these times, when orders may be rather hard to get, and cable orders are few and people are economizing, I think it is very encouraging to know that this Pacific Cable Board is one organization on which the Empire can rely for business management.

GOVERNMENT WIRELESS STATIONS IN CANADA

Now as to our wireless. I must not get into any complications as between Government ownership and private management. We in Canada have both.

In connection with our Air Force, in our Defence Department we have a number of stations, and this year have extended those stations up into the far north of the Yukon. These stations in the Defence Department are under military control, and while I dare not say a word about control of any other Department, as I am not in the Defence Department myself, the discipline, particularly in outposts of this kind under the Defence Department, does not injure the good management of the wireless system. We have altogether in Canada about 280 stations. The wireless system, I might say, excluding that portion of it managed by the Department of Defence, is under the Marine Department.

CANADA PREFERS PRIVATE OWNERSHIP FOR THE LARGER STATIONS

Now as to Government management. Canada has Government ownership of 22,600 miles of railways. As the Postmaster-General has stated, it also has a telegraph line; and outside those stations that the Government has established, which are very useful, and which, among other things, afford great protection to our shipping on the Great Lakes, as well as on the sea coast, I am inclined to think that on the larger scale we prefer to leave it with the private companies. The Department of Marine now grant licenses and thus control the operation. In addition to the stations owned by the different departments, they have granted licenses to the Marconi Company for stations on the Atlantic, one at Montreal and one at Vancouver, if I remember correctly. This would, of course, afford a link in the round-the-Empire chain, and whatever arrangements were made, unless Governments change their minds—and sometimes people change their minds for them—this would be the policy of Canada. If you were to ask to-day what the policy would be, I would say that for the Empire chain it prefers private ownership.

Sir LAMING WORTHINGTON-EVANS: The question I put really was whether, having adopted—as you, of course, are entitled to adopt—the company policy, you see any objection to that company communicating with the Government-owned station at this end.

Mr. GRAHAM: Oh no, that is your affair largely.

Sir LAMING WORTHINGTON-EVANS: That would be the link at this end.

Mr. GRAHAM: My own view is that if you are to have a round-the-Empire system you would have to come to some arrangement by which each Dominion and each link will connect up with the other links.

Sir LAMING WORTHINGTON-EVANS: That is right.

Mr. GRAHAM: I might say, to illustrate it, that we have in Canada now a telephone system—the largest is the Bell. We have a system of rural telephones, but I introduced an Act to compel the Bell Telephone Company to make arrangements with the local companies to take their messages at rates to be fixed by a Board that we have appointed.

QUESTION OF CO-OPERATION OF C.P.R. IN IMPERIAL CABLE SCHEME

Now I come to the question which the Postmaster-General raised as to the C.P.R. Telegraph line being the sole beneficiaries of the Government-owned cable. I had not raised that, but I am not regretting that it has been raised. Being the Minister of Railways with a telegraph system under control of the national railway system, I appreciate the difficulty in which the Postmaster-General finds himself and the disability under which we find ourselves as the owners of this telegraph system in connection with the Imperial cable. I will give you a concrete case to show the difficulty. We are here at the Imperial

Conference; we are supposed to be bubbling over with it; we give orders that our cables are to be sent by the Imperial Cable, but when they get to the other side our messages do not go over the Government line. If I wished from London to send a message to the Manager and President of the Canadian National Railways, it will be delivered by the C.P.R. messenger boy; so I would not suggest how it should be done, but it brings up this point—and the Postmaster-General will readily appreciate it—that if we cannot get any messages for the Canadian National lines over the Imperial Cable, we cannot be expected to hand in messages to the Imperial Cable if we can send them otherwise.

Sir LAMING WORTHINGTON-EVANS: May I point out that it is on your own ground? It is nothing to do with me. If you can clear your end you will get the Imperial right through.

Mr. GRAHAM: I am afraid you have made that end very Imperialistic. A contract has been made with the Canadian Pacific Railway.

Sir LAMING WORTHINGTON-EVANS: I think you will find there is no legal difficulty.

Mr. GRAHAM: I am not speaking of a legal difficulty. That probably can be cleared up. All I would say in reference to that, because business is business after all, is that I might take this part (c) of this suggested Resolution: "That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services, preference should be accorded to British companies." I might say in concessions given in the British Empire to private enterprise in respect of cable or wireless, I would not say preference, but equal treatment should be given to a Government-owned line. However, that is a detail that can be worked out. Now the Postmaster-General mentioned the West Indies and a suggestion that has been under consideration by the Canadian Government for the improvement of cable services; we have no wireless services with the West Indies.

The CHAIRMAN: Before you leave that, (c) is rather a different point.

Mr. GRAHAM: I was just giving it as an illustration. I do not want that paragraph changed. The sentiment in that might be reversed.

The CHAIRMAN: You accept (*c*).

Sir LAMING WORTHINGTON-EVANS: (*b*) is what we want you to do.

Mr. GRAHAM: I am not accepting anything. I am proposing to the Postmaster-General that he might adopt the sentiment, but reverse it.

Sir LAMING WORTHINGTON-EVANS: I do, I am full of sentiment!

Mr. GRAHAM: You do not get my point; I was bringing it down to the Canadian National Telegraph Line.

POSSIBILITY OF WIRELESS COMMUNICATION BETWEEN CANADA AND WEST INDIES.

I had wondered, without consultation with my colleagues, if a wireless system could not well be established between Canada and the West Indies. I have not discussed that at any length, it is only a suggestion that may be of value. We have now between the West Indies and Canada three lines of steamships; one the British line, another the C.P.R., and the other the Canadian merchant marine, and it might be well that the West Indian Government and the Canadian Government should discuss the possibility of wireless communication between these two outposts of the Dominion. I do not know, Mr. President, that I should have said all I have said, and I will not say any more. I presume that these resolutions here will be given careful and close scrutiny, so we will know exactly what they mean before we are asked to vote.

The CHAIRMAN: I would not ask you to vote. It may not be necessary to vote. I hope we shall probably be able to accept them. I would not be averse from setting up a committee to discuss them, but I think it would be

convenient, if there are any further questions to elucidate—the Postmaster-General, I think, explained pretty clearly what those resolutions meant—to have them put now and here, while he is here and can answer them. (*a*), I think, is perfectly plain. Probably everybody will agree to that.

MEANING OF RESOLUTION (A)

Mr. BRUCE: Save that up to the moment I am not too clear what the Imperial Communications Committee work consists of, other than the consideration of wireless or any technical matters in connection with the establishment of wireless.

Mr. AMERY: For instance, the West Indian situation has been before it. If I may perhaps for a moment just go back to that, it will exemplify the point. Mr. Graham has raised the question whether wireless might not be put in. On the section Canada to Bermuda wireless is used as an alternative, and the whole scheme which was worked out by the Imperial Communications Committee has been discussed with the Canadian Government, and I think in the main outline it is agreed generally. The sole object of that Committee has been to study schemes, whether of cables or of wireless, from the point of view of securing technically, and in every way, the best service, the best conditions for license, and so on.

Mr. BRUCE: The resolution merely proposes that on occasions when this Committee, which is actually a British Committee, is considering a question, and it is thought that the matter under discussion would be of great interest to some Dominion, they should invite a representative.

Mr. AMERY: That is all it comes to, certainly.

PRINCIPLES UNDERLYING RESOLUTIONS (B) AND (C)

Sir LAMING WORTHINGTON-EVANS: Resolution (*b*), of course, is a little more. From a business point of view I want you to support the Imperial cable where you can.

The CHAIRMAN: As far as possible, I mean. If it be the fact that Mr. Graham has a contract which precludes him, obviously he cannot do it, but having set out with the idea of getting an effective Atlantic cable in British hands, and having got it largely as the result of pressure, and perfectly right pressure, at the Imperial Conference, we want to endorse it by getting all the support we can from the Governments.

Sir LAMING WORTHINGTON-EVANS: I am sure you will do it if you can.

The CHAIRMAN: Resolution (*c*) speaks for itself—that you give preference to British undertakings.

Mr. INNES: British, I suppose, means the British Empire. Would it not be a better phrase—British Empire?

Mr. GUINNESS: Or companies registered within the Empire.

Mr. GRAHAM: What do you mean by British Empire Company?

Mr. AMERY: As distinct from a United Kingdom Company?

Mr. INNES: As distinct from an Indian Company?

The CHAIRMAN: That is also a British Company, from that point of view.

Mr. AMERY: I think in that context, like "British subject," "British Company" means a company domiciled anywhere in the Empire. We have no lawyer here, but I think that is so.

Mr. GRAHAM: A British subject was not always that.

Mr. BRUCE: That might be, technically, but I think many people would take that to mean a company registered in Great Britain.

The CHAIRMAN: It is not intended for that.

Mr. BRUCE: I think it should be made quite clear.

Sir LAMING WORTHINGTON-EVANS: We had better say companies registered within the Empire or in the Empire.

Mr. AMERY: Registered and owned, really, because they might be registered but not owned.

Sir LAMING WORTHINGTON-EVANS: Registered and controlled, or something of that sort.

The CHAIRMAN: We can work out a form which will meet it.

AUSTRALIAN FOR ALL-BRITISH CABLE

Mr. BRUCE: Cables, of course, are of even greater interest to us than mails, because it is vital that we should be in the closest touch with Great Britain and the other Dominions. I do not propose in this connection to go over all the difficulties that we are faced with as an outlying Dominion of the Empire because of the time it takes for us to communicate with Britain, or how extraordinarily dangerous it might be at some time if we could not readily and fully consult with regard to questions of very great moment. But leaving that side of the question out, commercially we desire that we should have a reliable cable service to Australia, and we take the view that the establishment of an all-British cable service is an admirable thing that we should all support.

As to the third resolution, reading into it the words which have been indicated by the President of the Board of Trade to the effect that acquiescense in it must at times be conditioned by one's own special circumstances, we broadly subscribe to it and will do everything in our power to assist.

EASTERN CABLE SERVICE CHARGES

Another point with regard to the cable service which has been raised is the position as to the Eastern service and our power to reduce the present charges. That has been very carefully considered by the Australian Government. There is the difficulty of the carrying capacity of the cable at the present time, and we have really deferred consideration of it until we can get a clearer indication of the development of wireless telegraphy and how far it is going to meet our particular circumstances. But without question, if wireless is not going to meet our circumstances to the extent we anticipate, we shall be in favour of the cables which the Board propose to build in amplification of their present system, and we recognize that, in so far as we have power to reduce the cable rates, it is obviously to the advantage of Australia that it should be done.

QUESTION OF THE TERMINAL RATE IN AUSTRALIA

The other, and somewhat old, question of the terminal rate in Australia has been raised. If we are coming to reduction at all, we shall certainly come down 1d. in accordance with the arrangement—

Sir LAMING WORTHINGTON-EVANS: Come down to 1d.?

Mr. BRUCE: We shall come down 1d. in accordance with that arrangement. With regard to what further action we are prepared to take, I am afraid I am not going to commit my Government at this stage, but let me content myself with a broad statement that we believe in the lowest possible cable rates between Australia and Great Britain.

SESSIONAL PAPER No. 36

SCHEME FOR HIGH-POWER WIRELESS STATION IN AUSTRALIA

With regard to the third point—wireless, that is a matter in which, at this moment, we are very vitally interested indeed, and our present position is that we have entered into an arrangement under which the Commonwealth Government has acquired the majority of the shares of a wireless company which is operating in Australia, known as the Amalgamated Wireless Company, and the Commonwealth Government has also entered into a contract with that Company under which the Company has undertaken to erect a high-power station which will be capable of communicating directly between Australia and Britain.

PROVISIONS OF CONTRACT WITH AMALGAMATED WIRELESS CO.

The contract contains many provisions, but it is quite clearly defined that the service has got to be a commercial one, on a basis which is indicated in the contract itself. The Amalgamated Wireless Company has now called for tenders for the erection of that station, and there are various safeguards to the Company, which indirectly is the Commonwealth Government, in the event of the station not being able to give the commercial service that has been laid down. We were faced with this difficulty, with regard to the station that we are erecting in Australia, that it was quite useless to put up a high-power station capable of communicating directly with Britain if there was nothing in Britain that could communicate directly with us. We stood out and opposed what is known as the Norman Scheme; the chain system of 2,000-mile steps did not appeal to us at all, probably because we were at the end of the chain, and we knew what would happen to our messages when they tried to get through the accumulation. But at that time the Norman Scheme was the accepted proposal for Empire wireless communication, and we accordingly had to make our own arrangements. The form that our arrangements took was to embody in the contract we made with the Amalgamated Wireless Company an obligation to erect in both Britain and in Canada reciprocal stations to our high-power station in Australia, and that obligation of the Amalgamated Wireless Company was carried into the invitation to tender when we proposed to erect our own station in Australia. The result is that the tenders have come to hand on the basis that the tenderer is responsible also for reciprocal stations in Britain and in Canada.

QUESTION OF RECIPROCAL STATION IN GREAT BRITAIN

Subsequently to these tenders being issued we heard that the British Government had changed its views, and now proposed to erect a high-power station itself. I cabled to Britain and asked for some information as an indication whether they could handle our traffic or not, and, as a result of the reply I got, we considered the matter very carefully and we came to the conclusion that it would be very doubtful if, with the pressure there would be on the British Government stations, they would be able to give us the reciprocal service we should want; and being in that position, we of course were very concerned to see that the reciprocal station, which the tenderer for our Australian station had undertaken to establish, could be erected in Great Britain. That, of course, involved a license being issued by the British Government. The Australian Government never had very serious doubts about the license being issued, for the reason that at the time when we took exception to the Norman Scheme, and did not vote in favour of it, the then Prime Minister of Australia specifically asked the question whether Britain would offer us all facilities for establishing our own service, and it was readily said that they would do so.

Subsequently to that, and subsequently to our entering into these arrangements, Mr. Bonar Law made a statement in the House which we interpreted

to mean that there would be no further trouble with regard to our reciprocal stations being erected here by private enterprise. The point that I want now to try and get clear is—what is the position? The Postmaster-General indicated to us that there had been negotiations between Marconi's, who are proposing to erect the station, and the Government, with a view to an interchange of traffic, which would be an ordinary and usual arrangement, I should imagine, in a case of this kind. But what I have not got quite clear is why the negotiation broke down.

HISTORY OF NEGOTIATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE MARCONI COMPANY

Sir LAMING WORTHINGTON-EVANS: In about July last we got what we call a pooling agreement, that is, an interchange of traffic agreement. The broad heads of the agreement were these—the Government was going to put up one station, the Marconi Company two stations, and the traffic should be pooled, should be worked by the Post Office through either of the three stations, as the traffic might require, so that a station would be allotted to Australia if the Australian traffic required such a station, and the surplus could be sent to someone else, whatever was required on three big stations. The Marconi Company first wanted the whole of the work to be done from Radio House, that is to say, done under their auspices. That was in the earlier part of July.

Mr. BRUCE: Did that include the Government station?

Sir LAMING WORTHINGTON-EVANS: Yes, including the Government station. That was in the earlier part of July. We declined because we wanted to be able to do the operating ourselves. They accepted that, provided that we would let them have someone in the Post Office building to see how it was going on. We agreed, and so it stood from July until September. Then in September, Mr. Godfrey Isaacs came along and said, "We have been looking into this; on such an arrangement as this we could not find the capital required, and therefore we cannot go on with the proposed agreement," or words to that effect, and so that negotiation practically broke down upon that point, upon the point of who was to control the operating of messages. That did not mean who was to keep up the stations; that had already been agreed. The two stations erected by the Marconi Company would be kept up by them, and the one station erected by the Government would be kept up by the Government. So we have got to this position. We have offered them licenses on an original basis, that is to say, they can have a license to communicate with you and can put up a station to communicate with you if they choose, but what they are now asking is that they should have a license to communicate all over the world, irrespective of any Government station at all. That we cannot agree to. That, you see, is not private enterprise, that is private enterprise excluding Government enterprise altogether, which we have never agreed to.

Mr. BRUCE: What I was going to suggest is that perhaps it would be better if we do not, just at this stage, discuss that aspect, because it is really only a matter that concerns Australia. We are building our station; we must have reciprocal stations and arrangements in England. But I [illegible] discuss the matter privately with the Postmaster-General before taking further action.

Sir LAMING WORTHINGTON-EVANS: I thought you wanted me to tell you what the position was.

Mr. BRUCE: I wanted to do so.

EMPIRE WIRELESS INTERESTS IN THE PACIFIC

There is only one other thing with regard to wirless which I would like to raise. That is the question of wireless in the Pacific. I have a certain amount

of information which I could place at the disposal of the Postmaster-General, but it does not appear that wireless in the Pacific is in a peculiarly satisfactory condition from the point of view of Britain and the Empire generally. If Australia is going forward with this big wireless scheme, it is very possible that we shall be in the position where we may more or less ensure the predominance of the Empire in the Pacific with regard to wireless. I am sure the Conference would desire that we should advance our wireless interests in the Pacific as much as possible, because it would be very valuable from the defence standpoint in time of trouble.

Mr. AMERY: Perhaps I could answer at once on that. The whole question of the Amalgamated Wireless Company erecting a chain of stations in the Pacific for the use of the Islands has been up before the Imperial Communications Committee. As far as we were concerned we have blessed it. I think there remains an outstanding question as to how far Fiji can come within the scheme. I may say that generally we are entirely of the same view as Mr. Bruce, and I think the thing is fully in train.

The CHAIRMAN: That does show how important (*a*) is in the proposed resolution.

Mr. BRUCE: Subject to those two points which may have to be further discussed, there is nothing else that I want to say with regard to this question.

APPRECIATION OF REDUCTION IN CABLE RATES TO NEW ZEALAND

Mr. MASSEY: With regard to cables, I have been hoping for a long time past to see a reduction in cable rates. The week-end cable has been a very great convenience to business people and people who are not generally looked upon as business people, but who take advantage of the cheaper cables in order to get a message through from one country to the other. The Postmaster-General stated that the week-end cable to New Zealand was 7d., I think he said. That is a tremendous reduction. I was not aware it was as low as that.

Sir LAMING WORTHINGTON-EVANS: Sevenpence against 2s. 8d.

Mr. MASSEY: Sevenpence against 2s. 8d. for ordinary cables. I know I get a much larger number of week-end cables both ways. I think it was mentioned in the course of the debate that the Pacific cable was working up to its full load, and that it is not possible for the Pacific cable to do more than it is doing at the present time. It is quite satisfactory to know that the Pacific cable is doing so much business. I was interested to hear the amount of profit made last year. If they were able to carry a larger amount of business then I would say at once reduce the rates, but if they cannot carry a larger amount of business it is not much use suggesting it. It is a matter which wants looking into.

WIRELESS DEVELOPMENT IN NEW ZEALAND

Probably wireless will come into competition with cables presently, and I hope it will. I am looking forward with a great deal of optimism to the development of wireless, though I have to admit we have not done very much in the way of establishing wireless in New Zealand. I do not say there are no stations there are, but it is in connection with England I am thinking of. We have done little or nothing; we are simply watching the course of events. I am not able to express an opinion as to whether our wireless will come down by way of the Pacific or whether it will go the other way, by way of the Indian Ocean. I will say this though, and it is just as well that the British Post Office should know it, that we are not in favour of privately-owned wireless stations if we can do without them. I think that is a matter which ought to be under the

control of the State, and when I say the State I mean by the Empire at both ends, Britain at the one end and the oversea Dominion which ever it may be at the other end. I should like to think that something definite will be done in regard to wireless so as to give us and Australia an opportunity of making up our minds. Perhaps Australia has made up her mind; we have not, as to what is the best course to adopt, and as to the route over which the wireless shall go. So far as a wireless station in New Zealand is concerned I do not think there will be much difficulty in arranging for that. It is a matter of expense, and the money has got to be found whether we borrow it or find it out of revenue. I see no objection to the motions that have been moved, and I am quite prepared to support the whole three.

SOUTH AFRICA AGREES TO RESOLUTIONS (A) AND (C), BUT NOT CONCERNED IN (B)

Mr. BURTON: I do not think there is much for me to say. There are some matters connected with our communications with Great Britain that I think we shall be able to discuss with the Postmaster-General. I need not detain the Conference about those. He asked for an expression of our views in regard to the proposal that the Government station here should do the communication with our proposed South African station. I am afraid I cannot at the moment give him a definite answer about that.

Sir LAMING WORTHINGTON-EVANS: I am seeing General Smuts next week.

Mr. BURTON: That is all right, because I am not sure what the terms of our contract may be. Now as to the resolutions, I see no objection to (*a*) provided that it is clearly understood that any representatives of ours should be there merely in an advisory capacity.

The CHAIRMAN: Surely.

Mr. BURTON: And to assist the British Government with what information they can give, but not to bind us by any executive action of theirs at all.

The CHAIRMAN: That is clearly understood.

Mr. BURTON: (*b*) does not really concern us in South Africa. As to (*c*), is not that really only an example of what we are considering under another head, namely, the question of preference in contracts generally, and should we not let that stand over for consideration with the rest? We have that under consideration now. It is a question of preference in a contract.

Mr. AMERY: Is it not a little bit more than that? That wireless or a cable is of such strategical importance that it is essential that the Company that controls it or that deals with it should be British, from that point of view?

Mr. BURTON: Yes.

Mr. AMERY: That is in your own contract, of course?

Mr. BURTON: I have no objection to it really.

INDIA AGREEABLE TO RESOLUTIONS (A) AND (C), BUT NOT CONCERNED IN (B)

Mr. INNES: As regards the cable service I do not think India has at present much to complain of. I have a long memorandum here with which I will not trouble the Conference. From it I see that our postal and telegraph department in India is constantly examining such questions as the possibility of reductions in rates, the possibility of introducing week-end services, daily letter telegrams, which indeed have now been introduced, and so forth, and the general conclusion is that with our present system and with the prospect of an Indian wireless company which we are now considering, our needs are adequately met for some time to come.

As regards wireless I am afraid India does not take quite the same view as New Zealand in regard to the agency with which a big wireless service should be worked. We have always taken the view that if possible we should entrust it to private enterprise, naturally imposing the most careful safeguards upon that private enterprise. Those are the lines upon which we are now working. I understand that the Government of India are now actually considering the question of placing a contract with a *bona fide* Indian wireless company to start a big wireless station.

As regards the resolutions to which you have referred, India does not appear to be in any way concerned with resolution (*b*), and I do not think that India will have any difficulty at all in accepting resolutions (*a*) and (*c*). That is all I have to say.

PLEA FOR ENTRUSTING NEW WEST INDIAN CABLE TO PACIFIC CABLE BOARD

Mr. ORMSBY-GORE: I hope that before the Conference terminates it will be possible to get the assent of the Governments of Canada, Australia and New Zealand to the proposal referred to by the Duke of Devonshire at the Imperial Conference the other day, to allow the Pacific Cable Board to work the new West Indian Cable. The Board will have to be reconstructed and given powers to do so by an Act of Parliament. We are now engaged upon drafting the Bill. The Bill will be ready next week and I will circulate it to the Governments concerned, and, if we could get your assent or your views on that before this Conference separates, it will save a great deal of time and a great deal of delay.

CABLE COMMUNICATION MUST COME BEFORE WIRELESS IN WEST INDIES

With regard to what Mr. Graham said about wireless communication with the West Indies, our present experience of it has not been altogether happy. British Guiana had a cable; that cable has been broken for some time now, and it has been entirely dependent upon wireless, and the wireless has been somewhat irregular. Similarly, with regard to the wireless station in Jamaica; when I was going to Jamaica, we had to get within a hundred miles of it before we could communicate with it; owing to atmospheric conditions it has not been quite satisfactory. I am quite sure that cable communication must come first. Cable communication has been very bad hitherto, and I hope that this new cable, if it is entrusted to the Pacific Cable Board, will make a great difference to the rapidity and reliability of communication. The old cable, of course, went through foreign territory in communicating with the various Islands, which was very undesirable, and an all-British route is very necessary in that part of the world, for defence reasons and others, in the neighborhood of the Panama Canal.

If any development comes up in connection with the Pacific Islands, our High Commissioner in the Western Pacific would be very glad to communicate anything Mr. Bruce wishes us to press with regard to the Islands in the Pacific and the imperfections of wireless communication. I do not think there is anything else of general interest in connection with the Colonies that I need go into at this moment.

The Conference then adopted the following Resolutions:—

"(*a*) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

"(*b*) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-

owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

"(*c*) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations), preference should be accorded to British Companies of any part of the Empire."

The discussion of Wireless Communications was resumed at the Twenty-third Meeting of the Conference, held on the 9th November, 1923, as follows:—

Sir LAMING WORTHINGTON-EVANS: I have circulated a memorandum,* which I expect the Conference has in front of it, which really is a short statement of the very recent history in regard to wireless, and I have had conferences with General Smuts and with Mr. Graham with regard to the proposals which are contained in this memorandum that the Government station should communicate with South Africa and with Canada, leaving the other parts of the Empire to communicate with any stations put up by the Marconi Company. I understand that as far as both South Africa and Canada are concerned they consider, while it is their own business to make their arrangements within their own countries, either for Government operation or for operation through such licenses as they desire, it is the Home Government's duty also to make its own arrangements with regard to its own territory, and that provided they get a proper means of communication it is a matter of indifference to them whether it is a Government-owned station or whether it is a Company-owned station.

I gather that Mr. Graham agrees that I have recited what is the view of Canada and what is the view of South Africa. I understand that Mr. Bruce is not satisfied with that. I think it would probably be convenient if Mr. Bruce put his views before the Conference, and then, if I might be allowed, I might perhaps, make a short reply and suggest a form of resolution which this Conference might agree to, if it so desired.

Mr. GRAHAM: The Postmaster-General has stated our position. We want an efficient service, and we are not particular how it is given to us at this end. It is largely your business to control wireless and everything else in your own territory.

The CHAIRMAN: Mr. Bruce.

AN IMPERIAL, NOT LOCAL, QUESTION

Mr. BRUCE: The Postmaster-General has indicated that although I have had conferences with him, I cannot, on behalf of Australia, take quite the same view that Canada and South Africa do. That being so, I think I ought to make it quite clear exactly where I stand, and how I view the position. Canada and South Africa have both taken the view that the question of wireless and of the operation of the stations to be established in Great Britain is a question for the British Government, and that that being so they do not desire to take any particular action. I, of course, entirely agree that local questions are matters for the consideration of the local Government, and in Australia we have always very strongly striven for our rights in that direction. But I venture to suggest that this particular question goes a little beyond that point. It is a very great Imperial question, and we have all been asked to come here, as the representatives of the different parts of the Empire, to consider questions which are of vital interest to the future not only of Great Britain but of all parts of the Empire. Holding such a strong view with regard to this question

*I.E.C.(23)—57, printed on page 412.

of wireless, a view which is very fully shared in Australia, I am afraid I have to set out at some length exactly where we consider we have arrived. I need not deal exhaustively with the importance of wireless and the various questions connected with its extension and the provision of a really efficient Empire service; that was done very fully by the deputation we had here the other day from the Empire Press Union.

POINTS VITAL TO AN EFFICIENT WIRELESS SERVICE

I desire, however, to put on record the points which appear to us to be vital to an efficient wireless service.

(1) *Necessity for Cheap and Rapid Communication.*

It is a fundamental principle, which has been accepted by this Conference, that it is vital to the Empire that we should have really cheap and effective communication, and to-day the rapidity of communication is, perhaps, the most serious consideration. In the matter of trade, unless we have really first-class rapid communication between the Dominions and Great Britain, many of the things that we have been attempting to do at this Conference will inevitably become impossible of accomplishment. At this time we have to direct our minds to all methods of communication, particularly those which offer the possibility of an improved service and a reduction of rates. Wireless appears to offer both those very desirable results. If we do not take the fullest advantage of this new method of communication, we are inevitably going to handicap our business men very seriously, in Great Britain and in the Dominions, as against their competitors.

(2) *Importance of Improved News Service.*

We have also to consider the position in connection with Press messages. Wireless is one method of reducing the distance that separates the Dominions from the Mother Country. There is no question but that, if we can provide a greatly increased service of well selected and interesting news we shall do a great deal towards getting a greater unity of thought throughout the Empire, and towards maintaining and promoting those close relations which we so much desire.

(3) *The Question in its Relation to Migration.*

Wireless has also to be considered in relation to migration. We are trying to move the surplus people of Great Britain into the outer Dominions in order to get a better distribution of our population. One of the greatest obstacles we are confronted with is the fact that migrants who contemplate going to Australia rather hesitate to do so because of the great distance and the feeling that they will completely lose touch with their old associations. Efficient and cheap wireless would go a long way to help. They would have a cheap method of communication, but possibly what is more important, they would have very full and regular news coming from the land which they had left.

(4) *The Defence Aspect.*

We have also the question of defence. Cables were a very effective method of communication in the past, but they can certainly be improved upon, and cables from the defence point of view have one very serious drawback, that they can be cut. We had experience of that in the war. Almost as soon as it broke out, we cut the German cable from America and reconnected it and used it for our own purposes. We have only got to visualize what might take place in any future war, if a temporary command of any part of the seas were obtained

by our enemies. Our communications with the outlying Dominions might be cut, with the result that the whole of our future efforts would be very seriously handicapped.

(5) *Need for Closer Consultation on Foreign Affairs.*

Then there is the question of foreign affairs. I do not want to go to any extent into the altered position of the Dominions and the new status they hold, but in all the Dominions there is a very strong feeling that if we are to be a part of the Empire, and are to bear any responsibility for its foreign policy, we must have a very much closer knowledge of everything that is happening. Many schemes have been put forward as to how that consultation can take place; but I think the considered opinion of everybody is that the problem can only be solved if we have improved communications which will enable us to be more closely in touch with one another. Wireless offers that opportunity, if it can achieve anything like what is claimed for it, and the one objection which has been urged against it, the lack of secrecy, is by no means certain to continue in the future. It is now claimed as the result of a recent invention, that it will be possible to get secret wireless communication between the different parts of the Empire.

(6) *Wireless Needed to Supplement Imperial Cables.*

At the present time, the cable communication between the different parts of the Empire is by no means satisfactory. Speaking here the other day I had to point out that with regard to the Empire-owned cable, there would be no use in reducing the rates at present, because the cable is already overloaded and cannot carry any further traffic; so that a reduction of the rate would probably only lead to greater congestion. We are faced at this moment with the necessity of considering whether we are going to duplicate that cable at great expense. It may be possible that, if we can press on with wireless, there will be no necessity to duplicate the cable. That is one reason why no delay should be permitted to take place. We have to ascertain whether wireless can be brought to the aid of the cable, and if it can, whether we are not freed from the necessity of going on with the proposal to duplicate the Pacific cable.

The case that was made out the other day by the Empire Press Union was a good case and an unanswerable one. At the present moment the cable service is inadequate, and consequently there must be a very serious limitation of the news that will flow between the different parts of the Empire, unless some action is taken.

(7) *Need for Dissemination of British News throughout World.*

In regard to wireless we have to consider our position in the world generally. Other nations are going ahead and sending far more news into other countries than we are in Great Britain. We have had instances given to us of the position in China, and most people will remember what Lord Northcliffe said when he made his world tour some two years ago. In dealing with the question of the East he said—

> "I have seen German wireless messages tapped daily on the voyage. They are as misleading as the lies concerning Washington, Egypt and India during the war. Reports of the gloominess of British trade emanate apparently from the same mischievous minds as were operating in war time, and are equally dangerous, owing to the present uncertainties.
>
> "The result, excepting half a dozen British-owned journals, is that a tone is rapidly increasing in the Eastern press inimical to England."

That is a position that I don't think any of us wish to see growing up, and it certainly will have an effect upon our trade and upon our prestige and upon our general position in the world.

THE EMPIRE FAR BEHIND FOREIGN COUNTRIES

From the point of view of Empire communications, from the point of view of development of the Empire (about which we have said so much at this Conference), and from the point of view of our position as one of the great commercial nations of the world, the problem appears to me to be one that cannot brook any further delay. It is very lamentable that we find ourselves in this position. Prior to the war we were far ahead of any of the other nations. It appeared that these developments were going to lie to a great extent in our hands, and that our position with regard to wireless in the future would be an almost unchallengable one. But the result has been very different. At the present moment we are very far behind other countries. We have very full information as to what our present position is, and I do not want to detain the Conference long by going into it. We know what other countries have done, and the number of stations that they have established.

SUMMARY OF THE INTERNATIONAL POSITION

There is, however, a summary of the position which is very short, and which will be quite sufficient for my purpose. It is from an article by Sir Harry Brittain in the *Observer* of the 29th July, 1923. I am not vouching for the number of stations he gives; but even if they are not absolutely correct they are so nearly so that it does not make any difference.

The statement is as follows:—

> "Summarizing shortly the information in a recent return, it showed that the United States of America possesses sixteen high-power stations, France four, and Germany and this country two each. But this summary does not accurately represent the position. The two stations possessed by Germany are far and away more efficient than either of the two possessed by this country. The Nauen station has an overall power of 800 k.w., and the Hanover station, 400 k.w. Great Britain only possesses a Post Office station at Leafield, an arc station of 250 k.w. and admittedly out of date, and the Carnarvon station with an overall power of 340 k.w.
>
> "The comparative position of the four Powers may, I think, be roughly summarized as follows, making allowance for efficiency:—
>
> "The United States.. 16
> "France.. 8
> "Germany.. 4
> "Great Britain.. .. .. 1."

I do not want to give any further details. I have a complete statement here showing what every country is doing, and a close examination of it shows that we are far behind the other countries of the world, and that the preeminent position which looked assured to us before the war has altogether disappeared.

WAVE LENGTH: A SERIOUS FACTOR

There is another very serious factor in the case, and it is that every day it is becoming increasingly difficult for us to obtain the position we ought to hold. Long-distance wireless is dependent upon wave length. There is now an

arrangement by which wave length can be taken up for certain stations. The present position is that fifty-three wave lengths between 10,000 and 26,000 metres are already occupied or reserved. Almost every month new stations are erected and new wave lengths will be reserved, and if things are allowed to drift indefinitely, we shall probably find ourselves in serious difficulties, even on the question of wave length. However viewed, the wireless position does not look hopeful at the present moment.

All I have said is merely a very short summary of the invaluable work that wireless can do in regard to both Empire communication and international communication, and an attempt to indicate that the present position is very unsatisfactory from the point of view of the British Empire, which probably depends more than any other country in the world upon really efficient and cheap communication. But the subject is so important that anybody who is taking a serious interest in it ought to consider it in much more detail than I am able to do to-day; and a close study of the statement made by Dr. Donald on behalf of the Press Union the other day will give a great deal of very valuable information.

THE 1921 SCHEME: AN IMPERIAL WIRELESS CHAIN

Everybody remembers that at the Conference two years ago the Norman Report was considered, and the Conference adopted the proposal for 2,000-mile step stations to form an Imperial chain. Australia dissented from that scheme, and expressed the view that the question should be dealt with on the basis of direct communication over long distances. At that time long-distance wireless, on the basis of communication, for example, between Australia and Britain, was completely ruled out, and was considered outside the realm of practical politics.

PRESENT AUSTRALIAN SCHEME HELD UP OWING TO ABSENCE OF RECIPROCAL STATION IN GREAT BRITAIN

Only two years have gone, but to-day the position is completely changed, and the Post Office in Britain, and opinion generally, is convinced that direct long-distance wireless is possible, and is the system that should be adopted. Unfortunately the fact that two years ago the opposite view was taken has placed Australia in a most embarrassing position. We went forward believing in what we had stated at the Conference, and we have made arrangements to erect a station which will be capable of communicating direct with Great Britain. That station will be the largest in the world. It will have twenty towers of 800 feet each. We are committed to this great undertaking, but, owing to differences of opinion with which I have no concern at all, we are faced with the very serious possibility that we shall not have a reciprocal station in Great Britain that will satisfy our requirements. Naturally, therefore, we have to press very very seriously that some settlement of the difficulty must be arrived at, to prevent our arrangements with regard to wireless being rendered inoperative, and the whole scheme of Empire wireless development being held up indefinitely.

THE ROUTE VIA CANADA

There is also another factor which I must refer to. In our scheme it was proposed, not only to put a reciprocal station in Great Britain, but also to have an alternate route through North America by means of a station in Canada, which would serve for direct communication between Canada and Great Britain, but which also would be employed as a connecting link for communication by

the alternate route between Australia and Great Britain. So that Australia, at all events, is very interested in the situation with regard to Canada as well as the situation in Great Britain.

THE THREE POSSIBLE METHODS OF DIVIDING THE TRAFFIC

The Postmaster-General's memorandum embodies three proposals, which he says are the three methods by which the situation can be dealt with. The first is "unrestricted competition under which both the Company's stations and th eGovernment station would communicate indiscriminately with each of the Dominion stations"; the second is "a form of pooling arrangements whereby the traffic would be operated from one central control, and routed via the Government station or the Company's stations as the day to day requirements indicate, the revenue being pooled in proportion to the number of stations contributed by each party." The third is "a regional distribution under which the services with certain Dominions would be conducted via the Government station, and with others by the Company's stations."

THE SCHEME OF REGIONAL DISTRIBUTION

The first two are at the present moment not under consideration. Apparently a parting of the ways has arrived with regard to both of them. The first one, of unrestricted competition, would not I think at first sight recommend itself to anybody, but I am expressing no views on the first two at the present moment. The pooling arrangement has apparently broken down, owing to the differences between the Marconi Company and the British Government, with which I have not the slightest concern. I have no interest in the Marconi Company or in the British Government. I have an interest in Australia and in the whole Imperial idea of a wireless system. We are therefore brought back to the fact that the third policy of regional distribution is the one that appears now to be under consideration.

THE DANGERS OF SUCH AN ARRANGEMENT

Personally I see the gravest dangers with regard to any such arrangement, and my apprehensions arise from the position in which wireless in the world has arrived at the present moment. We have in Canada a private company which operates wireless there under license from the Government. That private company is contemplating the erection of new high power stations at Montreal and at Vancouver. It is a private company, and as such it is entitled I presume to hold any views it chooses. It is taking exception to being dependent solely upon a Government station. In what I am going to say now, I am not expressing my own opinions or views. I am merely trying to indicate what will quite possibly happen in the position in which we shall find ourselves. That Canadian company has views which may be summarized by saying it is not prepared to be dependent upon a station controlled by a Government for its reciprocal traffic from Great Britain; and, holding that view, it is saying that the whole position is at the moment quite different from what was contemplated when it talked of erecting the Montreal and Vancouver stations.

The Post Office proposal to allocate the Canadian traffic, under a regional arrangement, to the Government station here, does not in any way affect the Canadian company, provided that there is the same efficiency in the Government station as there would be in a privately controlled one, because the Canadian company is in the fortunate position that all messages that go from Britain to Canada would have to be received by the company, and all messages sent

from Canada to Britain would have to be sent by the company. They will get their share of the receipts or revenue, and they will handle all the traffic, whoever may be sending the messages to them. So that if they have a complaint, the only ground upon which they can base it is the assumption that under Government control the business will not be handled with the same efficiency, and that there will not be the same number of messages going through.

They can take up that attitude, and it is then open to them to say that they are not going to proceed with the erection of the stations at Montreal and at Vancouver. That I think would be a very lamentable thing from the point of view of Canada. It would certainly be a most lamentable thing from the point of view of Australia, because we want our reciprocal station in Canada at Vancouver for the service we are establishing. That I think is the position that we have to face. It is perfectly true that if that attitude were taken up by the Canadian Company it would be open to the Canadian Government to come in if they wished, and to say: We are going to erect both stations; we are going to take over the whole of the control of wireless. There is nothing at all to prevent Canada doing that. But I view with apprehension the interminable delay that would take place if anything of the sort had to be done. As to whether or not, in the event of the Canadian Company acting as I have suggested, it might be said that the Canadian Company were acting in conjunction with the Marconi Company, or holding somebody to ransom, I express no opinion. I do not know what their motives are. What I do say, is that there will be a very serious situation unless you can find some way out of the present trouble.

South Africa is in a somewhat similar position. South Africa has handed over wireless under a license to a company, which is now erecting a station there. That company may take the same view. Both Canada and South Africa may take the view that one British station operating with them will not fulfil their requirements. They may say, and I think it would be a very natural thing to say, that they must have an alternate route. Wireless, like cables, breaks down at times, and they might be left without any means of communication, and they are quite entitled to object to that.

There is also another consideration. It seems to me that Canada and South Africa might say: But whose messages are going to get precedence over this route? The reason why we objected to the 2,000-mile step station was that we knew inevitably our messages through to Britain would come in behind the messages from all the places along the route.

It seems to me that if only one station is provided for serving Canada and South Africa—it not being a matter for arrangement between Governments but for independent consideration by private companies, which are entitled to hold any opinion they like—we may find a most embarrassing situation arising, even to the point of the Canadian company winding itself up on the ground that the position is impossible, and the Government having to step in and erect its own stations, with the long delay that will occur and the intolerable difficulties that will inevitably arise with regard to patents.

AN ALARMING POSITION

That being the view that I take, I think the present position is a most alarming one, and it is one for which we have to find some solution. Otherwise the whole of the wireless position of the Empire is going to remain in its present unfortunate state, which is handicapping us as against all the other countries of the world. I hope it will be understood that I am stressing this question from a very real appreciation of the necessity of getting wireless com-

munication throughout the Empire of the most efficient character, and also because Australia has been led into the present position by the actions of other people.

We went forward with our scheme of direct wireless communications, having been told that, as we could not agree to the proposed indirect method, we could find our own method of getting Empire communication. If, after we have gone ahead and involved ourselves in very serious liabilities, we are to be faced with the situation that all we have done has been perfectly useless, I think we have very legitimate grounds of complaint, and we cannot be accused of interference if we press our case strongly.

ERECTION OF OTHER STATIONS IN GREAT BRITAIN A POSSIBLE SOLUTION

There is one possible sound and sane way by which the position as it now stands can be met. The British Government have decided that they are going to build a station. That is entirely their business, and we have nothing to do with it at all. But since they have decided to build a station, but have limited themselves to one station, I think, on behalf of Australia, I am entitled to say that there should certainly be licences issued for other stations to be erected in Great Britain. At the time when this station was announced, I communicated with the British Government and asked what their intentions were; and having heard what they proposed to do, I indicated that as far as Australia were concerned, we should not be satisfied to be dependent upon one British station for our communications. We recognized that there would be a great amount of ordinary propaganda going out from this station, in addition to the ordinary work of communicating with other parts of the Empire; and I think the British Government quite recognized that view, and did not take up the position that we should be content with one station.

THE POOLING ARRANGEMENT EXAMINED

If there are to be other stations erected by outside enterprise, it seems to me that on only one sane basis can they be possibly conducted; and that is under the second of these alternatives, namely, a pooling arrangement. As I understand it, a pooling arrangement has been considered, but has broken down because of certain requirements that one side or the other are alleged to have stated to be essential. As to this I cannot think that it is impossible to arrive at an arrangement.

The main point, I understand, is that there must be some central point from which messages are to be despatched. With three stations operating, that would appear to be the intelligent way of handling the situation so that the traffic can be routed through whichever station is available at a particular moment. It being perfectly clear, I should imagine, to any intelligent person that it is necessary to have a central despatching point, then, surely, it is possible to come to some arrangement as to how that central despatching point is to be operated; and it certainly seems to me that the proper way to deal with that side of the question is, that if there are two stations, one privately owned and one Government-owned, the despatching and the operatives in the despatching centre should be provided half and half, with some arrangement as to the general control of the whole of the operatives. If it is one station against two stations, then one-third might come from the owner of the one station and two-thirds from the owner of the two stations.

Surely there is some method by which an arrangement of that character can be arrived at. Personally, I do not think that either one side or the other,

if there were three stations, would be entitled to demand that they should have the whole of the control of the despatching from a central office. It ought to be conducted under the general management of the people who are concerned in proportion to the stations they hold.

SUGGESTED ACTION IF A POOLING ARRANGEMENT NOT AGREED UPON

If a pooling arrangement cannot be arrived at, the position will be a very serious one, but it may have to be faced. If no arrangement can be come to with those people and companies who are interested in wireless, and with whom, incidentally, I am not at all concerned, it is essential that there should be the fullest publicity as to the position the two parties are taking up. There should be no shadow of doubt as to what the attitude of each of the parties is, and if the statements made by one party substantially differ from the statements made by the other, then some method should be arrived at by which the two points of view can be investigated by some quite impartial body, who will give the facts to the British people and to the whole of the Dominions as to where we are in the matter.

If we find the position is that some outside organization is taking up an utterly unreasonable and irreconcilable attitude, and is really trying to hold the Government to ransom, then it seems to me the Government must take very definite action. I do not know whether the British Government would be prepared to do it, but if the final necessity comes it is open to the British Government to erect all the stations that are required in this country. Personally, I think that would be a most unfortunate situation to arise; I can see innumerable difficulties with regard to patents and other rights; but, at the same time, I would never be a party to allowing some outside body to hold a Government to ransom, and I would certainly not use the pressure that perhaps Australia can bring to aid any persons to secure an arrangement which is not a fair and proper one, and one to which they are not entitled.

PUBLIC STATEMENT OF CASE IMPERATIVE

But it seems to me that no situation of that character need arise. It must be possible that a pooling arrangement can be arrived at on a satisfactory basis. It is imperative, however, that the whole case should be stated, and the fullest publicity given to it. If the facts cannot be arrived at by this means, then some impartial authority must be appointed to investigate the whole situation and give a clear statement of the facts. After the finding of such an impartial body, I do not believe that either a Government or any outside people would be able to resist the pressure that the whole of the people of Britain and the Dominions would put upon them, so that the future of wireless, which is so essential to the whole of our development, would not be allowed to be held up to enable a quarrel to continue, a quarrel which appears to be getting extraordinarily intense at the present moment.

I am sorry to have taken up so much time, but this matter is vitally important from Australia's point of view.

NEW ZEALAND AWAITING ACTION BY GREAT BRITAIN

Mr. Massey: I was just going to say, Sir Philip, that I look upon this matter of Wireless Communications as one of the most important that has been brought before this Conference during the present year. I have not referred to it outside except in very general terms. I understand some of the difficulties that have occurred. I say it is important, because I believe that there are pos-

sibilities with regard to wireless which are yet undreamt of, and I believe that wireless is of more importance to us in the countries of the Empire that are farthest away from Europe than even to the countries within two or three thousand miles of Great Britain.

Now when the Conference met last time, two or two and a half years ago, it was understood at that time that wireless, when it became established, would have to be arranged by stages. The suggestion was put forward that probably the first stage would be Cairo; another station in India; another one somewhere between India and Australia and so on to New Zealand, if it became necessary for New Zealand to make its arrangements for getting its wireless in that way. What I mean is this: we have done practically nothing in New Zealand, because we have been waiting for some definite action from Britain itself. As soon as Britain lets us know what it is going to do then we can go on with our arrangements, but in the meantime we cannot do anything of very much value. That is what we are up against.

We have wireless stations, and I have always looked upon it as very important that we should control the wireless station at Samoa, which was German before the war, because it may become necessary for us as an alternative, to do what has been suggested by the Prime Minister of Australia, to have an alternative route across Canada. That may be necessary, and I do not mind in the slightest. All I want to know is this: when is the British Post Office going to make up its mind; when are they going to tell us they will be able to transmit messages to New Zealand, or if not to New Zealand to some intermediate centre? And then we can go on with our arrangements, and there will be no avoidable delay so far as we are concerned.

NEW ZEALAND IN FAVOUR OF EMPIRE CONTROL

As to the question between Empire control and control by private individuals or even by a public company, I have no hesitation in saying that so far as that question is concerned, I stand for Empire control. I think that the system of Empire wireless, when it comes, ought to be under the control of the different countries of the Empire; that we shall be able to make a satisfactory arrangement between the different countries for that purpose I do not doubt.

Like other members, I know something of the wire-pulling that has been going on and the propaganda that has been in circulation. I do not stand for that sort of thing. I realize the dangers in any private control of wireless. If it came to war-time, one never knows what is going to happen. I do not think any Government would hesitate for five minutes as to whether they would take over the control of wireless during a war period or whether they would not. Personally, I would not hesitate, and I do not think there is anybody in Britain who would, but we have to understand where we are, and I want to have a conversation with the head of the Post Office on this subject before I leave England. I am not going away for a few weeks, because I have a great many matters to attend to, but there is no doubt in my mind that if wireless develops as it has developed in the last year or two, it is going to be cheaper, and much more satisfactory and efficient than the cable. That is my opinion. I am not finding any fault with the cables; we have had, on the whole, a good service by cable and one which might continue for a very long time to come, but the other is one we should take advantage of.

IMPORTANCE OF AN EARLY DECISION

I do not like the idea of the nation to which we all belong falling behind in wireless or in anything else. I do not think it pays us to do it. We have to

take advantage of improvements and inventions as they come along. There is time for it if the authorities here, the people at the head of affairs in England, will only bestir themselves and make up their minds as to what they are going to do, and if they do make up their minds, other countries like New Zealand will be able to do what is best under the circumstances. And I say again, there is no delay as far as we are concerned, whether Britain will be able to communicate direct to us or through Canada, as it has been suggested just now, and which I think very likely will be the case. That is all I wish to say, Sir Philip.

The CHAIRMAN: I think, Postmaster-General, it would be convenient as we have taken it in this way to hear anybody else, if they have any points to raise. Sir William, I gathered yesterday that Mr. Burton said he was in agreement with the Post Office generally?

SOUTH AFRICA SATISFIED WITH BRITISH SCHEME

Sir WILLIAM MACINTOSH: Yes, we are in agreement with what has been said by the Postmaster-General. We, as you know, have taken our own individual line and have entered into a contract, and that being the position, we do not consider we have any status to interfere with anything that you might wish to do on this side, unless we had reason to suppose there would not be an efficient service. We are asked to assume—of course, we have had a good deal of pressure put on us by the Marconi Company—we are asked to assume that the service by the British Government will not be efficient, and will not be early brought into operation. We are not prepared to assume that. We have had an assurance from the Postmaster-General that the Rugby Station will be ready more quickly than any stations that Marconi's could possibly put up if they started one right away, and that there will be a fully equipped and fully efficient service. With that, of course, we must remain content. I would like to say that from the point of view of a company that has entered into a contract to put a large sum of money into our country, one cannot help having a certain amount of sympathy with them when they say the competing cable people are free to work the thing from both ends, and they will only have them one end, and, therefore, it will not be so easy for them to make it pay—there will be a possibility that it will not pay. After all, that is not our concern. We have had an assurance from the Post Office and with that we remain content.

EXAMPLES OF THE DANGERS OF PRIVATE MONOPOLY

Sir PATRICK MCGRATH: Mr. President, if I intervene in this discussion it is merely because I want to emphasize the danger of creating a private monopoly in wireless telegraphy. In this, as in the matter of Preference, which we discussed a few days ago, Newfoundland furnishes a "horrible example."

The original submarine telegraph cables were laid across the Atlantic from Newfoundland to Ireland over sixty years ago. They were laid under a charter from the Newfoundland Legislature, which gave the Company—now known as the Anglo-American Telegraph Company—a fifty years' monopoly. Some twenty years later, another company was established, and tried to lay a cable into Newfoundland and break the monopoly. The cable was actually laid into Conception Bay, but the Anglo Company obtained an injunction from the Supreme Court, and the other company had then to lay its cable to the mainland of Canada. Another twenty years, and the question arose of establishing telephones in Newfoundland, when the Anglo Company intervened again, and successfully maintained its claim that telephony was a branch of telegraphy and covered by its monopoly. The third development was in 1901, when Marconi

attempted to get wireless signals across the Atlantic. Knowing of this monopoly, he gave out that he was seeking to communicate with steamers in mid-ocean, which, indeed, he was, but he was also trying to pick up signals from Poldhu, in Cornwall, at St. John's, and, after a week's tests, he announced to the world his success in this. I may say that it was through me, being a journalist, the announcement was made and that I heard the signals at the time. As soon as the world was made aware by Marconi of what had happened, the Anglo Company again obtained an injunction to restrain him from further experiments, and he had to pack his bag and "clear out," as the Americans say.

What detriment resulted to the progress of cabling from the exercise of this monopoly, I cannot of course say, but it is significant that within a few days of the expiry of the monopoly in 1904, all the "English-speaking" cable companies working across the Atlantic, cut their cables on the Grand Banks and brought them into Newfoundland, where they established stations, and, as a result, they increased the efficiency of their lines, according to their own claims, about 33 per cent.

When the Marconi Company in turn established themselves in Newfoundland, they also sought and obtained exclusive privileges, and our Government found that when it wanted stations established on the Labrador Coast for the convenience of our fishermen, who resort there every summer, they could only be established by arrangement with the Company.

Another danger of monopoly arises from the present situation of the English-speaking transatlantic cable companies. The Commercial Cable Company, a purely American concern, is operated from New York; the Western-Union, another American concern, has recently absorbed the Anglo-American, and this combination is also operated from New York instead of from London as previously. The "Direct" Cable was included in this group, but a few years ago was purchased by the Imperial Government, to serve as a unit in an Imperial Telegraph service to girdle the globe, but of course it can only carry a fraction of the traffic.

The Empire is thus faced with the contingency that its transatlantic cable facilities may at any time pass under foreign control. An evidence of the danger of this is afforded by the experience of the Western Union Cable Company some three or four years ago, when they tried to lay a cable from Miami, in Southern Florida, via the West Indies, to South America, in conjunction with some British cable company, and because of pressure from American cable interests, the American Government intervened, and by the use of warships forcibly prevented the laying of this cable until the company accepted the terms dictated by the authorities at Washington.

All of these circumstances seem to me to point the moral that in this matter every step should be taken to prevent a private monopoly being created in so important a service as wireless telegraphy is likely to become in the future relations of the different portions of the British Empire.

EARLY SOLUTION OF VITAL IMPORTANCE

Mr. INNES: As far as India is concerned, Sir, we accept absolutely the statement in the last paragraph of the Postmaster-General's memorandum, namely, that the policy to be adopted in this country is entirely a matter for His Majesty's Government; but India hopes that in the near future we shall make a real advance in the construction of a big high-power station, and I do hope that when that station is in operation we shall not be held up by the lack of adequate reciprocating arrangements in this country. I should, on general Empire grounds, like to associate myself with what the Prime Minister of Aus-

tralia has said, namely, that it is a matter of vital importance that some solution should be found of the difficulties which have already held up this very important matter in this country.

Sir LAMING WORTHINGTON-EVANS: Mr. President, I think there is a general agreement amongst all of us as to what Mr. Bruce said about the necessity for better communication throughout the Empire, whether it be of news, whether it be for the migrants, or whether it be to supplement the cable service, and I entirely agree with him that we are behindhand as an Empire in wireless communications, and it is essential that leeway should be made up, and that there should be a really efficient and effective inter-communication throughout the Empire by wireless. Up to that point, we are absolutely all agreed, but when we have said that, we have got to consider the means by which that service can be obtained.

PROGRESS OF BRITISH GOVERNMENT STATION

Perhaps I may say just one or two words about Mr. Bruce's statement with regard to the Australian position. He says that Australia is now putting up a station of 20 masts of 800 feet each, and the danger he fears is that there will be no reciprocal station in Great Britain. I have informed the Conference that as far as the British station is concerned the land is purchased, the designs are made, the masts are ordered, and I am assured that, by the end of next year, that station will be erected. I think it will be erected probably within twelve months.

THE NEGOTIATIONS WITH THE MARCONI COMPANY

Now, there are well-known difficulties in coming to an agreement with the Marconi Company. I thought we had come to an agreement in July last. I announced an agreement, or the main heads of an agreement, in the House of Commons in July last, because at that moment, after negotiation with the Marconi Company, we had settled what seemed to be all the main heads of the Pooling Agreement. The Pooling Agreement amounted to this, that the Government should put up one station, that the Marconi Company should have licenses to put up two stations, and from all those three stations there should be communications with the Empire, controlled by one controlling hand who would route the messages as the requirements of the traffic and of the various other stations of the Empire indicated.

The course of negotiation was that the Marconi Company claimed that the operating should be done from Radio House by the Marconi Company. We pointed out that that was not desirable; that the operating ought to be done by the public authority, by the Post Office, although the technical management of each station would remain in the hands as to the two stations, of the Marconi Company, and as to the one station, of the Government; but the actual operating and routing of the messages should be done by one central authority at the Post Office; they already do it to a large extent in other wireless work, and it is a matter of common routine work.

At first Marconi's objected; they afterwards agreed. They first made the proposal that Mr. Bruce has made to-day, namely, that part of the employees should be Post Office employees and part of them Marconi employees. That was their proposal. We examined that with a desire to meet them, but the terms of service of Government employees and the terms of service of private companies' employees are so different that you could not get them working alongside each other under any ordinary form of supervision. We pointed that out to the Marconi Company.

The Marconi Company then withdrew that proposal and said: "Well, we will agree to your doing the operating, provided that we can have someone in your Office to watch the working of the business." We accepted that at once, and I said: "Yes certainly, you are entitled to that; you are entitled to two-thirds of the receipts and you are entitled to see that the business is properly managed. By all means we will welcome your man in the Post Office for that purpose." That was in July. It seemed to be entirely agreed. Negotiations on minor details, the actual drafting of the agreements, went on between the Post Office and the Company.

THE BREAKDOWN OF THE NEGOTIATIONS

But in September last Mr. Godfrey Isaacs came back and said that he had been considering the matter and had come to the conclusion that he could not raise the money on the footing that the control of the operating was to remain with the Post Office. I pointed out to him that this was a complete *volte face*, that he had already come to an agreement on these matters. He said he was sorry about that, but that was his decision and he could not go on. I was then thrown back from the pooling of what is known as regional distribution.

DIFFICULTIES OF REGIONAL DISTRIBUTION NOT LIKELY TO BE SERIOUS

I do not think that the difficulties of regional distribution are likely to be serious. Mr. Bruce fears that the Marconi Company may refuse to consider regional distribution, and that, therefore, he may lose his alternative route. He thinks that the Marconi Company may refuse to put up the stations in Canada.

Mr. BRUCE: No, no.

Sir LAMING WORTHINGTON-EVANS: Of course they may.

Mr. BRUCE: That is not the point I am making at all. I am assuming that the regional agreement is accepted. Supposing it were accepted, then I say that the Canadian Company might refuse to put up two stations they are talking of in Montreal and in Vancouver. I am not saying it is right. Please understand me. I am merely putting what may happen.

PRESSURE EXERCISED BY MARCONI COMPANY

Sir LAMING WORTHINGTON-EVANS: That would be a form of the pressure brought to bear upon us by the Marconi Company. When you talk of "the company", or when South Africa talks of "the company", we have got to remember that it is the Marconi Company all the time; they are all of them, directly or indirectly, controlled by the one hand, which can tell the Canadian Company; "Well, you had better say that if the regional distribution is accepted we shall not go on with the Canadian stations". That is a form of pressure which is being brought to bear upon us now, and if I may speak quite freely, we have either got to give way to that pressure, in which case you have got a monopoly in the hands of the Marconi Company, or we have got to resist that pressure. If the Marconi Company declare their policy to be that they will not put up stations in any part of the Empire unless they are given a free run throughout the Empire we shall know where we are, and we shall understand that nothing short of what would in practice, if not in form, be a monopoly, will satisfy them.

THE PRESENT OFFER TO THE COMPANY

Now the offer which I have made to the Marconi Company, and which they have not yet refused, is that we will put up our Government station for communication with South Africa and Canada, and they can put up two

stations for communication anywhere else in the Empire. They have not refused that. What they have been doing is to put pressure by propoganda upon all of you, because each one of you has admitted, each one of you has said, that, while not influenced by it, attempts have been made to enlist your sympathies and your advocacy on the side of the Marconi Company.

Mr. BRUCE: Might I just interrupt? I must say, in fairness to the Marconi Company, that they have not tried to influence me. I sent for Mr. Godfrey Isaacs myself, and had about half an hour with him, and I sent for him again. They have not approached me.

Sir LAMING WORTHINGTON-EVANS: The real point we have to consider is, are we prepared, or are we not, to give a virtual monopoly of wireless communication to one company. That is the question.

Mr. MASSEY: There can be only one answer to that question. It is in the negative.

Sir LAMING WORTHINGTON-EVANS: I know your answer, and I think I know Sir Patrick McGrath's answer from what he has said. He has had a peculiar experience of monopoly and litigation, and I am sure he does not want to repeat it in wireless.

GOVERNMENT OR PRIVATE MONOPOLY ALIKE UNDESIRABLE

Now I do not believe that this question is insoluble. I believe that the Marconi Company will recognize that either the pooling arrangement or the original allocation is a fair offer on the part of the Government and that a monopoly is out of the question. I believe that will happen. If it does not happen, the British Government will have to consider whether it should not put up further stations. That is the alternative. As we stand now, we have a super-station going up with twelve masts. It may be that that station could be extended, or another station would have to be put up, but I do not want either a monopoly in a private firm or in the Government. I should prefer to see the two working together; I believe there is a quite unknown, quite unrealized, almost unimagined, development still to come in wireless; and I want the two agencies, the Government service as well as the private enterprise, to combine for the purpose of securing for Great Britain and the Empire the very, very best service that can be got.

After further discussion, Mr. BRUCE proposed:

> "That this Imperial Economic Conference affirms the importance of establishing as quickly as possible an efficient Imperial Service of Wireless Communication, and is of opinion that the several Governments of the Empire should take immediate action to remove any difficulties which are now delaying the accomplishment of this, while providing adequate safeguards against the subordination of public to private interests."

This was carried unanimously.

CABLE AND WIRELESS COMMUNICATIONS OF THE EMPIRE

MEMORANDUM BY THE POST OFFICE (I.E.C. (23)—7)

I.—GENERAL DESCRIPTION OF EXISTING CABLE ROUTES

Two main sets of routes start out from Great Britain:—

(*a*) The trans-Atlantic routes, and

(*b*) The Eastern system of cables—which between them serve practically the whole of the British Empire.

(a) *Trans-Atlantic Routes.*

There are fourteen cables between the British Isles and North America, some landing (this side) in the Irish Free State and the rest in Cornwall; and all landing on the other side in British territory—either in Newfoundland or in Canada—though many of them are extended by shorter sections to the United States.

Two of these trans-Atlantic cables, the "*Imperial Cables*," are owned by the British Government. The other twelve cables are all worked, and most of them also owned, by American companies.

Both the Imperial Cables are worked direct between London and Halifax. They both land near Penzance (Cornwall); but they are laid by different routes, one having a relay station at Harbour Grace (Newfoundland), and the other at Fayal, in the Azores. (Further information concerning the Imperial Cables is furnished in Section II.)

Besides serving Newfoundland and Canada and forming a link in the westward route to Australia and New Zealand, the trans-Atlantic cables connect at Halifax with the cables of the Halifax and Bermuda and Direct West India Companies (two affiliated British companies), which provide an all-British route via Bermuda and Turks Island to Jamaica, where it joins the West India and Panama Company's system. They also connect with the latter system through the medium of the United States land lines (owned and worked by American companies) and cables from Florida to Jamaica via Cuba.

These systems also serve British Guiana by wireless from Trinidad.

Australia and New Zealand are served by two routes: (1) by the Pacific Cable, which is owned and worked by the Pacific Cable Board (representing the British, Canadian, Australian, and New Zealand Governments) and runs from Bamfield (Vancouver) to New Zealand and Australia via Fanning and Fiji, being connected with the Imperial Atlantic Cables by means of a landline between Halifax and Bamfield leased from the Canadian Pacific Railway; and (2) by the cables of the Eastern and Associated Companies.

(b) *Eastern System.*

This important system is owned by the Eastern Telegraph Company and its Associated Companies. There are seven cables starting from Porthcurno (Cornwall), of which one lands in Spain, two in Portugal, two at Gibraltar, one at Madeira, and one at the Azores. The Iberian routes are extended through the Mediterranean via Malta to Egypt, and thence down the Red Sea to Aden. There they separate, one route running to East and South Africa (see below) and the other to India, Ceylon and Singapore, and thence via the Dutch East Indies to Australia and New Zealand.

The cable to Madeira forms the first link in a second chain to South Africa, which runs via St. Vincent, Ascension and St. Helena, with branches to the West African Colonies. From South Africa it is extended across the Indian Ocean, so as to form a second route to Australia.

The cable to the Azores serves South America (via St. Vincent and Ascension).

It should be mentioned also that the Indo-European Telegraph Company have a system of land lines which before the war provided an alternative route to India, via Germany, Poland, Russia and Persia, being connected with Great Britain by means of leased wires in the Anglo-German Government Cables. This system has been repaired since the war, but is not yet worked for through traffic.

II.—IMPERIAL CABLE SERVICE

The Imperial Cable No. I was formed by the diversion during the war of one of the Emden-Azores-New York cables, the eastern section being diverted to Penzance and the western section to Halifax. The cable thus formed was brought into use in July, 1917.

Under the Treaty of Versailles, Germany renounced all rights to these and other cables in favour of the Principal Allied and Associated Powers. The allocation of the cables has been discussed by the Powers, but an agreement has not yet been reached. The British claim, however, to retain the Imperial Cable has not been seriously challenged.

The Imperial Cable No. II was formerly the property of the Direct United States Cable Company, who had leased it the Western Union Company. The latter company terminated the lease; and the British Government purchased the cable in November, 1920. In November, 1922, it was diverted from Ireland to Penzance, in order that it might be worked side by side with the Imperial Cable No. I.

The Imperial Cables cater specially for traffic with the Dominions. The service, as above mentioned, is worked in close connection with the Pacific Cable Board's service to Australia and New Zealand. The Board work the Halifax station on a repayment basis, and look after the interests of the Imperial Cables generally in Canada. Australasian traffic is sent over a special line leased from the Canadian Pacific Railway, which is worked by the Board direct between Halifax and Bamfield, the terminus of the Pacific cable. West Indian traffic is sent from Halifax by the British cable route via Bermuda.

The Imperial Cable Service re-established the deferred rate to Canada a considerable time before the Cable Companies did so, charging the pre-war deferred rate of 4½d. to Eastern Canada, whereas the Companies, on reintroducing their deferred service, for some time charged 6d. a word, although they eventually came into line. The Imperial Service was also the first to introduce a 3d. Night Letter Telegram rate to Eastern Canada. For some years past the Week-end Service to Australia and New Zealand at quarter rates has been provided by the Imperial-Pacific route only. The Imperial Service alone has restored the deferred press rate to Canada at 2½d. a word, and the Imperial-Pacific route alone has restored the deferred press rate to Australia and New Zealand at 4½d. a word.

The Dominion Governments frequently in the past pressed proposals for the establishment of a Government Atlantic cable route, and now that such a route is available—and is the only trans-Atlantic cable route under purely British control—an appeal can be made with confidence to those Governments to give it their full support by arranging (as most of them do) for the transmis-

sion of all Government traffic over the route, and in any other way that may be open to them.

The position of the Imperial Cable Service as regards exchange of traffic with the Canadian National Telegraphs is not, however, altogether satisfactory. When the Imperial Cable No. I was first brought into operation, the Canadian Pacific Railway was the only organization in a position to supply a connecting wire to Montreal, and it demanded, as a condition of doing so, an exclusive arrangement for dealing with traffic passing over the cable for Canada. This arrangement cannot be terminated until next year, and only then on payment of a substantial penalty. With some difficulty arrangements were recently made with the Canadian National Telegraphs for the acceptance of traffic in Canada for transmission by the Imperial Cables; but when these arrangements came to the knowledge of the Canadian Pacific Railway Company it claimed that they were contrary to the spirit of the agreement with them; and although this contention is not admitted, the arrangements with the National Telegraphs have not yet been brought into operation.

III.—Pacific Cable: Proposed Duplication

The Pacific Cable Board have for some time been considering proposals for the duplication of their route. The need for duplication is most urgent on the longest (and therefore slowest) link between Vancouver and Fanning Island; but it has been decided to postpone the laying of a new cable between these points and between Fanning and Fiji, partly on account of the very high cost and partly because of the prospects that a system of "loading" long-distance submarine cables may soon be perfected which would considerably increase the carrying capacity. Experimental tests are, however, being carried out in connection with the adoption of wireless transmission as a second means of communication between Vancouver Island and either Fiji or Fanning Island.

As regards the southwestern links of the cable (south of Fiji), the four partner Governments have agreed to lay cables between Auckland and Suva and between Sydney and Southport; and contracts for the manufacture and laying of these cables have been placed. The date specified for the completion of the work is August, 1923.

IV.—West Indies Service

An Agreement was made in 1914 between the Imperial, Canadian and West Indian Governments and the West India and Panama Telegraph Company providing for a large reduction in cable rates to the British West Indies in return for subsidies of £8,000 a year each from the Imperial and Canadian Governments, and of £10,300 a year from the various Colonies, making a total of £26,300 a year. The period was for ten years, expiring on the 30th September, 1924.

The Company's financial position has been steadily getting worse, and for some time past there has been serious risk that they would go into liquidation. They were given permission a few months ago to increase the rates between Great Britain and the British West Indies (excluding Jamaica) from 2s. 6d. to 3s. a word, the corresponding rates from the first zone of Canada and the United States being increased from 1s. 6d. to 2s. a word.

Recently an Inter-Departmental Committee has been considering the arrangements to be made on the expiration of the Panama Company's Agreement in September, 1924, and has recommended a scheme under which a new cable would be laid between Turks Island and Barbados, with branches from

Barbados to Trinidad and Georgetown (British Guiana), while the smaller British islands in the Leeward and Windward groups would be served by wireless from Barbados. With the approval of the Cabinet, tenders have been obtained for the provision and laying of these cables and for the construction of wireless stations, and these tenders are now under the consideration of the Governments concerned.

V.—Eastern System

For some time after the war there was serious delay on the Eastern and Associated Companies' cables, owing mainly to the growth of traffic and to the closing of the Indo-European Company's route to India via Germany and Russia and the Great Northern Company's route to the Far East via Siberia.

The Eastern Companies laid a new line of cables to Singapore in 1920; and they have recently completed a second line of cables to the Straits Settlements via Alexandria, Aden, Seychelles and Colombo. The opening of these cables has effected a substantial improvement in the service, which is now within measurable distance of its pre-war efficiency. Some relief has also been afforded to the Eastern system by the reopening of the Great Northern Company's route across Siberia, and further relief will be afforded when the Indo-European Company's service between this country and India is reopened.

In connection with the laying of the above-mentioned second line of new cables (costing approximately £3,000,000), the Associated Companies asked that their landing rights should be substantially extended. Careful consideration was given to this request by the Imperial Communications Committee and by the South African and Indian Governments, and eventually it was agreed to extend the licenses until the end of 1944. The conditions were substantially the same as those already in force (including the control of rates, half-rates for Government telegrams, etc.), with the addition of a clause providing that, if the State should at any time desire to expropriate the Companies' system (or a part thereof which would leave the Companies with a self-contained system) it should be free to do so, and that, failing agreement in regard to terms, the Companies should not oppose in principle a Bill promoted in Parliament by the Postmaster-General for the compulsory purchase of the cables in question.

VI.—Rates

A statement is attached showing the principal cable rates in force in 1908 and at the present time.

The Eastern Company reduced their rate to South Africa from 2s. 6d. to 2s. a word in December, 1919, and made corresponding reductions in the rates to British West Africa and British East Africa. Further, in connection with the recent extension of their landing rights, they have agreed to examine the possibility, when the capacity of their cable system has been increased, of making a reduction in the rate to the Straits Settlements (2s. 10d.) and in certain local rates between British Possessions in regard to which anomalies exist. They also agreed to restore the Week-end Services which were in operation on their system before the war as soon as traffic conditions permit. As shown in Section V, the delay on the Eastern system has been considerably reduced, and it seems probable that the Companies will be in a position to restore the Week-end Services before long.

The Australian Post Office have the right, under an agreement with the Eastern Extension Company, to require that company to reduce the rate between the United Kingdom and Australia from 3s. to 2s. 6d. a word, the company bearing a reduction of 5d., and the Australian Administration (which charges a terminal of 5d. a word even on traffic which is collected or delivered

by the company or the Pacific Cable Board) reducing their terminal from 5d. to 4d. If this reduction had been made, a similar reduction would have been made on the Imperial-Pacific route. The Australian Administration decided, however, than in view of the pressure on the cables, the question of reducing the rate should be deferred. It is presumed that this question will be revived in the near future, especially if a wireless service is established.

It should be added that all recent licenses to British companies have provided for the control of rates. This takes the form of a clause providing that the company may not increase existing rates without the Postmaster-General's consent, and that if the Postmaster-General calls upon the company to reduce their rates and no agreement can be reached the question is to be referred to the Railway and Canal Commission, which shall have power to fix the rates.

CABLE RATES IN 1908 AND 1923

Place	1908			1923					
	Ordinary	Press	Ordinary	Deferred	Night Letter	Week-end	Press	Deferred Press
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Australia	3 0	1 0	3 0	1 6	. . . .	0 9*	0 7½	0 4½†
Canada (Eastern)	1 0	0 5	1 0	0 4½	0 3*	0 3*	0 3½	0 2½‡
Newfoundland								
India	2 0	1 0	1 8	0 10	. . . .	.	0 4	
New Zealand	3 0	1 0	2 8	1 4	. .	0 8*	0 7½	0 4½†
South Africa	2 6	1 0½	2 0	1 0	. . . .	. .	0 3½	
British East Africa	2 6	1 0	2 3	1 1½	. . . .	. . .	0 3½ to 0 6½	
British West Africa	3 6 to 5 0	to	2 6 to 3 0	1 3 to 1 6	. . . .	. . . .	0 11 to 1 4	
British West Indies	3 0 to 5 1	.	2 6 and 3 0	1 3 and 1 6	. .		.0 8½ to 1 0½	

*With minimum of 20 words. †Imperial Pacific only. ‡Imperial only.

VII.—IMPERIAL WIRELESS SCHEME

In 1919 the Imperial Government authorized the completion of the stations of the original Imperial chain in England and Egypt, the mast of which had already been erected. These stations were intended to form the first link in any larger Imperial scheme. The Oxford station was completed in August, 1921, and the Cairo station in April, 1922, and a regular service between the two stations was opened at the beginning of May for the transmission of traffic between Great Britain on the one hand and Egypt, Palestine, Syria, Abyssinia, Erythrea and Italian Somaliland on the other. Steps are being taken for the inclusion of Mesopotamia, Aden and other places in these arrangements.

The Oxford station is also used for—

(1) the broadcasting of British official communiqués;
(2) the transmission of long-distance radio-telegrams and news messages to ships at sea;
(3) the transmission of press messages—
    (*a*) to Halifax (Nova Scotia) for Canadian and American newspapers;
    (*b*) to India.

In connection with the Halifax service, remarkably successful results have been achieved. The number of words transmitted nightly averages about 5,000, but as many as 12,000 words a night have been dealt with in an emergency.

In November, 1919, the Government appointed a Committee, known as the Imperial Wireless Telegraphy Committee, under the chairmanship of Sir Henry Norman, to prepare a complete scheme of Imperial wireless communications in the light of modern wireless science and Imperial needs. In June, 1920, this committee submitted a report, which was subsequently approved by the Imperial Government subject to the concurrence of the dominions, recommending that a chain of Imperial stations should be erected in England, Egypt, East Africa, Singapore and Hong Kong by and at the cost of the Imperial Government, and in India, Australia and South Africa by and at the cost of the governments concerned. In pursuance of the committee's recommendations, the Government at the end of 1920 appointed a Commission of Experts, which in December, 1921, submitted detailed plans and specifications for the construction of the stations.

The scheme of the Imperial Wireless Committee did not, however, receive support from the Dominion Governments. A strong feeling grew up in Australia, South Africa and India in favour of direct communication without the use of intermediate stations; it was also decided by the Commonwealth and Union Governments to entrust the erection of their stations to private enterprise, representing Marconi interests.

In these circumstances, the situation was reconsidered in July, 1922, and the Imperial Government decided to proceed with the erection in England of a station of the ultimate power contemplated by the Expert Commission (instead of the smaller power, which they had proposed should be used in the first instance) with a view to the provision of direct commercial communication with India, South Africa and Australia. They also offered to erect a station in India, to be worked by the Indian Government, capable of direct communication with England, South Africa and Australia. As a corollary of this decision, the proposed second station in Egypt and the station in East Africa were definitely deferred, and the question of the provision of stations at Singapore and Hong Kong was held over for further consideration.

This was the position when Mr. Bonar Law's Government came into power. The new Cabinet reviewed the question afresh and ultimately decided that in view of developments in the science of wireless telgraphy and other circumstances which had arisen since the late Government decided upon the policy of a State-operated wireless chain, it was not necessary any longer to exclude private enterprise from participation in wireless telegraphy within the Empire, and that licenses should therefore be issued for the erection of wireless stations in this country for communication with the dominions, colonies and foreign countries subject to the conditions necessary to secure British control and suitable arrangements for the working of the traffic.

At the same time the Cabinet decided that it was necessary in the interests of national security that there should be a wireless station in this country capable of communicating with the Dominions and owned and operated by the State. A station of this kind will therefore be erected as early as possible, and will be available for commercial traffic as well as for service messages.

These decisions are now being acted upon. The terms of the license to be granted to the Marconi Company are being considered by the departments concerned.

VIII.—SUGGESTIONS

It is suggested that the following proposals should be put before the Imperial Economic Conference:—

(*a*) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

(*b*) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

(*c*) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations) preference should be accorded to British Companies.

April, 1923.

IMPERIAL WIRELESS SERVICE

MEMORANDUM BY THE POSTMASTER-GENERAL (I.E.C. (23)—57).

The Government decided in March last, in view of the policy adopted by most of the Dominions of licensing private companies to construct their wireless stations, that as regards the communicating stations which would be required in Great Britain—

(*a*) The Government themselves would provide one station.

(*b*) They would license the Marconi Company to provide such other stations as are immediately needed, subject to suitable traffic arrangements being made between the Government station and the Company's station.

There appeared to be three possible means of dividing the traffic—

1. Unrestricted competition, under which both the Company's stations and the Government station would communicate indiscriminately with each of the Dominion stations.
2. A form of pooling arrangement whereby the traffic would be operated from one central control and routed via the Government station or the Company's stations as the day-to-day requirements indicate, the revenue being pooled in proportion to the number of stations contributed by each party.
3. A regional distribution under which the services with certain Dominions would be conducted via the Government station, and with others by the Company's stations.

1. The policy of unrestricted competition would be practicable, though uneconomical, if two services with independent stations at each end (and therefore two distinct lines of communication) were established with each Dominion. But with a single station in each Dominion under Marconi control the whole of the inward traffic to Great Britain would be routed to the Marconi stations in England, while the Post Office distributing organization in Great Britain would probably enable the bulk of the outward traffic to be transmitted via the Government station. A system under which a single station in each Dominion was in communication with two competitive stations in Great Britain could not be satisfactory or economical; and there would be great difficulties in handling acknowledgements, repetitions, &c., of messages transmitted from the Government station in Great Britain which would have to come back via Marconi channels.

2. A pooling arrangement was originally proposed by the Marconi Company and the principal heads of such an arrangement had, in fact, been agreed with the Company. Ultimately, however, the Company intimated that they would not accept a pool unless the whole of the service were operated from

the Marconi headquarters. Such an arrangement the Government decided could not be accepted. But they were, and still are, willing to enter into a financial pool, providing the routing and operation of the traffic is conducted from the Central Telegraph Office, the provision and working of the wireless stations themselves being divided between the Company and the Government.

3. If a pooling system be discarded, the only possible arrangement would seem to be a regional allocation. The Government have offered the Marconi Company licenses to conduct services with all foreign countries outside the Continent of Europe and with the Dominions and Colonies, other than Canada and South Africa, the services with which it is proposed to allocate to the Government station. But at present the Company have declined to accept this offer and are apparently hoping, by holding out for a general and unrestricted licence, to secure a practical monopoly of the whole of the Imperial services.

From conversations which I have had with General Smuts with reference to the South African station and with Mr. Graham with reference to the Canadian service, I understand that they take the view that just as it has been recognized that the policy to be adopted in each Dominion rests with the Government of that Dominion itself, so the policy to be adopted in Great Britain rests with the British Government, and provided the service is efficient they will be satisfied that the communications with their respective Dominions should be conducted via the Government station in this country, which has already been begun and I anticipate will be available for working by the end of next year.

(Initialled) L. W.-E.
Postmaster-General.

General Post Office, E.C.
November 7, 1923.

DEPUTATION FROM THE EMPIRE PRESS UNION

A Deputation from the Empire Press Union was Received on Tuesday, October 23, 1923, at 12.30 p.m. by a Committee of the Conference

The following were present:—

The Right Hon. Sir Philip Lloyd-Greame, K.B.E., M.C., M.P., President of the Board of Trade (*in the Chair*).
The Right Hon. Sir Laming Worthington-Evans, Bart., G.B.E., M.P., Postmaster-General.
Mr. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster.
The Hon. W. G. A. Ormsby-Gore, M.P., Parliamentary Under-Secretary, Colonial Office.
Lieutenant-Colonel A. Pownall, O.B.E., M.P., Parliamentary Private Secretary to the Postmaster-General.
Sir. G. Evelyn P. Murray, K.C.B., Secretary, General Post Office.
Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.
Mr. E. R. Eddison, Secretary, Imperial Economic Conference.
Mr. A. A. Hopper, Private Secretary to the President of the Board of Trade.
The Hon. G. P. Graham, LL.D., Minister of Railways and Canals, Canada.
Mr. R. H. Coats, B.A., Dominion Statician, Canada.

Lieutenant-Colonel J. Reid Hyde, C.B.E., Secretary for Imperial Economic Conference, Canada.
The Right Hon. S. M. Bruce, M.C., Prime Minister, Commonwealth of Australia.
The Hon. H. Burton, K.C., Minister of Finance, Union of South Africa.
Sir Howard Gorges, , K.C.M.G., M.V.O., Chairman of Board of Trade and Industries, Union of South Africa.
Mr. W. J. O'Brien, O.B.E., M.L.A., and Mr. James Collie, O.B.E., Department of Finance, Union of South Africa.
Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.
Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor-General's Council for Commerce and Railways, India.
Sir James Stevenson, Bart., G.C.M.G., Personal Advisor to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.
Deputation from the Empire Press Union.
The Viscount Burnham, C.H., LL.D. (President of the Union).
Mr. Herbert Jeans (Reuter's, Ltd.).
Mr. N. K. Kerney ("Argus" South African Newspapers, Ltd.).
Mr. J. H. Vinnicombe (Canadian Press, Ltd.).
Mr. Robert Donald, LL.D. (Chairman of Council).
Mr. Taylor Darbyshire (Australian Press Association, Ltd.)
Sir Thomas Bennett, C.I.E., M.P. (The "Times" of India).
Mr. H. E. Turner (Secretary Empire Press Union).

LORD BURNHAM'S OPENING REMARKS

Lord Burnham: Gentlemen, the Empire Press Union is a hardy biennial at these Conferences, and I have only to ask you to receive to-day a deputation consisting of Mr. Robert Donald, the Chairman of the Union; Mr. Jeans, who represents Reuter's, Sir Roderick Jones being abroad; Mr. Taylor Darbyshire, who represents the Australian Press Association; Mr. N. K. Kerney, representing the "Argus" group of South African newspapers; Sir Thomas Bennett, representing the "Times" of India; and Mr. H. Vinnicombe, who represents the Canadian Press, Limited.

INADEQUACY OF PRESENT CABLE SERVICE

I had the pleasure of meeting one of the Prime Ministers this week-end, who implored me not to make a speech, as he said you had heard too many, so I will not worry you with a speech. Therefore, I will assume that you are all perfectly acquainted with the history of this question as it effects the newspaper press, both of this country and of the Overseas Dominions. At the last Imperial Conference Mr. Hughes said that in this country we only gave a pitiable travesty of the truth as it affected Australia and other Dominions of the Crown. It has been complained equally, of course, that on the other side a very jaundiced view has been presented of the condition of England and the state of public opinion here. I can only ask you to believe that we recognize the inadequacy of the service at both ends, and I would like to hand you this record of the resolutions passed by the second Imperial Press Conference in Canada in 1920,*

* See Appendix I.

and by the Empire Press Union prior to the meeting of the last Imperial Conference,† resolutions which have been substantially repeated now because the circumstances have not changed and which our Secretary has with him here to-day. We have, of course, to put again to you that the only question—the main question—is the cost of telegraphy. Personally, I took very much to heart what Mr. Hughes said, and if I may quote my own example, I ventured to give in our Journal a much fuller service of news from Australia. I do not think Mr. Hughes recognizes that that news is published almost at a dead loss, for the whole of the matter is telegraphed at 7½d. a word—sometimes it may have to be "urgent" as well—and nobody can pretend that there is the public interest in this country which would justify expenditure such as we incur of thousands a year on this service at the present time. I need not say that the other papers in a greater or less degree—mostly less, I daresay—have the same difficulties to contend with. If I take Australia only as an example for a minute, I find that in May of this year the Pacific Cable Board wrote to the London Chamber of Commerce: "The Board cannot at present reduce its charges between Britain and Australasia because the line is working to the full capacity—twenty-four hours daily. Reduced rates would naturally increase traffic, overload the line and produce serious delays." There are other statements to the same effect this year, which shut out all hope of our getting a reduction unless, of course, we are able to bring to bear the competitive force of wireless telegraphy. I am told, Mr. Bruce will know better, that the number of newspapers and the amount they publish is largely increasing in Australia, and certainly it is not diminishing here. I venture to put the consideration before you once more that the cost of communications is prohibitive, so far as the Empire is concerned, to the great majority of papers, preventing them from giving any adequate reports of news and views from the Overseas Dominions, and especially from Australasia. On the other hand, it is useless to expect that there will be a reciprocal service from this end that, in the least, satisfies the necessity of the case to the Overseas newspapers.

We are becoming very hopeless as to the wireless situation; but, as I do not want any redundancy or repetition, if you will allow me, Sir Philip Lloyd-Graeme, to finish on that note, I will ask you to hear Mr. Robert Donald, the Chairman of the Empire Press Union, who has made a special study of this subject and who was heard for two days by the last Imperial Conference.

MR. DONALD'S STATEMENT

Mr. Robert Donald then spoke in the sense of the following statement, which he subsequently handed in to the Committee in writing:—

POLITICAL IMPORTANCE OF EFFICIENT EMPIRE COMMUNICATIONS

The Empire Press Union, which represents all the leading newspapers in the British Empire, is primarily concerned with improving, quickening and cheapening the means of communication for professional reasons. But we also think of the larger question of Imperial policy. We believe that only by annihilating distance, and getting closer intercourse, can we attain greater unity and better understanding. Mr. Hughes, when he retired from his position as Prime Minister, wrote a series of articles on Imperial unity, and, after exploring the political and economic aspects of the problem, came to the conclusion that the most urgent thing to be done was to improve Empire communications, and the first line of communications is to be found in wireless telegraphy.

† See Appendix II.

SESSIONAL PAPER No. 36

PROGRESS OF FOREIGN NATIONS IN WIRELESS TELEGRAPHY

The action of the Empire Press Union is therefore entirely in harmony with the highest ideals of Empire policy. Since the Union gave evidence before the Imperial Conference in 1921 we have had many changes in policy, but little or no progress. For the last two years our Council has been alternately congratulating the Government on making a decision which was to be followed by immediate action, and condemning them for failing to fulfil their undertakings. Great Britain has practically stood still for the last two years. Unfortunately for us, other nations have been going ahead and we are now left far behind. That statement is supported by Dr. Eccles, who, in a letter written on the 12th December, 1922, said:—

> "Taking all the Government-owned stations for comparison we find that the United States Navy Department owns and operates no fewer than ten modern high-power stations, which spread their net from Washington to Panama, to California, across the Pacific to the Philippines, and northward to Alaska. The French Government stations number eight, some of them the largest in the world, and extend from France throughout the French African possessions to the Pacific Ocean. The British Empire possesses only two high-power stations, Leafield and Cairo. Britain has left the United States, France and Japan to stand wireless guard over the Pacific Ocean. The above wireless chains are of combined strategical and commercial importance; but alongside there are commercial wireless links comprising six American stations, one French and one British station of about the same strength as the Government stations. So on both strategical and commercial counts one may agree to deplore our position."

Dr. Eccles is referring chiefly to Government-owned wireless with which the Press is not intimately concerned. Although all these Government stations flood the world with propaganda, the progress in commercial long-distance wireless in the last two years has been far greater than Mr. Hughes, with all his enthusiastic optimism, ever contemplated. This development has affected every wireless organization in the world except the British Post Office.

New stations have been built during the last two years and are now in operation at Ste. Assise in France, Long Island in New York, at Buenos Aires, at Iwaki in Japan, in Warsaw, in Peking, in Holland, for communication with Java and Coram Hill in the United States, while the high-power stations in Italy, Germany and Russia have been extended. Just imagine what the position of the British Empire would be to-day if a station like that of Ste. Assise in France was located in England, if a station similar in power to that of Long Island was in Canada, that the Buenos Aires station was in Australia, the Japanese one in India, the Dutch station in South Africa, and if these main links in the chain were connected with intermediary stations. You would have a constant flow outwards and inwards of many thousands of words daily, and the ideal which Mr. Hughes and others have had in view would have been reached. As things are, the progressive schemes of other countries are rapidly occupying the wave lengths suitable for long-distance transmission, so that it will soon be difficult to obtain the wave lengths required for the Imperial scheme within the usual wave band of from 10,000 to 26,000 metres. To take one illustration of how we are being pushed out of the world wireless by foreign competition, particularly in regard to dissemination of propaganda and the distribution of news. The French long-distance station at Ste. Assise has been in operation since August, 1922, and sends many thousand words of commercial

matter and news throughout the world—to the United States, the Argentine, the West Indies, the Far East—to all the French African and Asiatic possessions. The French Government broadcasts official news and propaganda from the Bordeaux, Lyons and Paris stations. France is in daily communication with the United States and the Argentine, and is now erecting powerful stations in its distant colonies for reciprocal services.

The foreign commercial and news service from France is carried on by Radio-France, a subsidiary company to the French Wireless Telegraphic Company. From information which I have received from it and from its tariff I see that it covers the whole of the Western hemisphere, so that commercial and news messages are despatched to all parts of Canada, Newfoundland, to the West Indies, to British Honduras, St. Vincent, British Guiana and the Falkland Islands. This service goes through New York, or Buenos Aires and cannot be transmitted any other way, as the Marconi Company has the right to handle the business for the French Company in the British Empire. It has the right, but it has not been given the opportunity, so that the wireless communications reach British possessions through foreign channels. This Radio-France Company having completed its Western circuit, is now launching out in the Far East and the Pacific. The company announced on the 1st of this month that it is carrying on negotiations with the French Wireless Telegraphic Company, of which it is a subordinate, and the Governor General of French Indo-China, with the object of setting up a wireless agency in the colony to be managed by a French company and to carry on a political, commercial and financial service between Europe and the Far East. This agency would cover the whole of the Pacific.

SERIOUS EFFECT ON BRITISH INTERESTS OF FOREIGN WIRELESS SERVICES

It is unnecessary for me to point out the seriousness of the effect on British interests of wireless propaganda which is broadcasted over the world to-day and is picked up and used by hundreds of news-papers in foreign countries, which are glad to get news for nothing and are not always able to detect its subtle propagandist character. Equally serious is the service of commercial news which helps competing countries to form new connections and to create new vested interests. England has for many years been the world's centre for cable services; it has not retained its supremacy in wireless and London is no longer the clearing house for news in Europe. Leading American newspapers have transferred their headquarters to the Continent or news is sent direct from Berlin, Rome and Paris to America. News is always affected by the environment of its source.

SUCCESS OF THE LEAFIELD STATION

Since the Leafield Station, the first link in the Empire Chain was opened and the first period of experimentation passed, it has succeeded in recovering part of the American service. It is so rarely we can say anything in favour of the British Post Office that I would like to read a letter which I have received from Mr. John S. Steele, the London correspondent of the *Chicago Tribune*. He says:—

> "We have been using the Leafield Station for our news transmission to Chicago for more than a year now, with very great success. The experiment was initiated by the *Chicago Tribune*, at first with its own receiving station on the roof of our building in Chicago. We found, however, that there was too much interference with reception in a big

city, so a small experimental station was established at Halifax. This worked so well that eventually a group of half a dozen American newspapers was formed, and a permanent receiving station at Halifax was erected. My own transmission produces about 3,000 words a night and I believe that already the traffic sent via Leafield and Northolt to our Halifax Station amounts to 10,000-12,000 words. In addition to that we are receiving from the Lyons Station in France and a station in Italy.

"So far as speed and accuracy are concerned, I have never had any cable service so good as that given to us by the Post Office through Leafield. We have had some little trouble with the relay from Halifax, owing to the fact that the land wires are sometimes down. That is now being overcome by the erection of a low-power sending station at Halifax which will transmit our material to Chicago and New York."

I would like to make one or two observations on this Post Office success. First, the volume of business is small compared with what will be necessary and possible when new high-power stations are erected and inventions now in existence for speeding up are in operation. In the next place the first link in the Empire Chain was not established to serve other countries. The Post Office officials state that the official wireless sent out by Leafield reaches India, Australia, South Africa, the West Indies, but we have no evidence that it is used by the press in those countries and certainly no newspaper would entrust Leafield with messages for Australia or South Africa. I am not blaming the Post Office, as its experts were at much pains to demonstrate before the last Imperial Conference that it was impossible to send wireless messages a greater distance than between 2,000 and 3,000 miles, and in the case of Leafield the Norman Committee admitted that the arc system of transmission employed was possibly in a state of obsolescence. But if Leafield with its old-fashioned system, instead of the latest thermionic valve, with masts only 300 feet high instead of masts 900 feet high now used in connection with modern high-power stations can give these results, what will be the results from a really up-to-date station? It will mean that we will be able to communicate at least as freely with Australia as we now do with America.

CRITICISM OF POST OFFICE POLICY

If the latest proposal of the Post Office to divide the Empire into two wireless spheres is carried out the comprehensive world scheme adopted by Australia will be destroyed. The Australian scheme provided for the erection of a station at Vancouver and another was to be built at Montreal. If the Post Office takes over Canada as part of its division of the Empire, the Australian plan falls through, and who will build the necessary stations at Vancouver and Montreal? No doubt the estimates of the Australian Wireless Company were based on the assumption that it would have greater freedom of operation, not only in the Dominions, but in foreign countries so as to take full advantage of the alliances into which the Marconi Company have entered. It is not presumed that the one British high-power station proposed to be erected by the Post Office would adequately serve the Dominions, particularly in regard to news. A group of stations is necessary in order to provide for interruptions and to relieve pressure in one direction. In fact the full advantages of wireless will not be attained unless we in England adopt the same policy as in France and be able to have a free interchange of Empire and foreign business. The policy of the British Post Office has always been in favour of State ownership and State operation. There has been a distinct set-back to this policy, espec-

ally in regard to operation during the last few years, so that at present the only wireless systems owned and operated by Governments for foreign services is that carried on by the Soviet Government of Russia and by the British Post Office. I do not know what are the financial results under the Bolshevist régime, but the last figures published on the operation of the British Post Office show that against an expenditure of £95,700 for the twelve months ending June, 1923, there was only a revenue of £45,700 including £10,000 received from the Foreign Office, showing a loss of £50,000. From a commercial point of view such results of State operation are disastrous.

The nationalization of a business still in a state of evolution is not likely to be successful. A Government Department will always play for safety. It will not take risks. In this case it will be unable to get the use of the world's latest inventions, and its administration will sterilize the whole business. Moreover, national spheres for wireless cannot very well be separated from the international. State operation should be limited, but State control should be general, and national interests safeguarded in every direction and ultimate State ownership provided for. The Empire Press Union is equally interested in communication by cables and has been instrumental in bringing about a substantial reduction in press rates before and since the war. The cables are entirely inadequate to meet the needs of the Empire. A few years ago wireless was spoken of, not as an alternative service to the cable, but as a supplementary service. Already such has been the rapid advance and increased efficiency of wireless that before long it looks as if cables will have to take a secondary place. We are keenly interested in the control of cables when licences come up for renewal, and want to see competition between the two methods of communication, as well as competition within each service. While the rates quoted for press messages may seem to be moderate you should remember that what is required is not only cheap rates, but adequate service. The press rate is frequently illusory, because of the delay owing to congestion. Newspapers or agencies have to pay private or urgent rates amounting to several shillings a word. In any case commercial messages have always the preference. What is wanted therefore is not only cheaper rates, but speedy and adequate service. For these means we must look to wireless, to which the future belongs, and find some means of infusing a new spirit into the British Post Office, which has been mainly responsible for stopping progress. The two organizations concerned in all this wireless muddle are the Post Office and the Marconi Company. We cannot get rid of either of them, and we cannot get on without them both.

Wireless communications are frequently interrupted by what scientists call atmospherics. What we are suffering from in this country are the atmospherics which exist between the Post Office and the Marconi Company. Unless some pressure is brought to bear upon these two organizations to clear away the atmospherics and introduce goodwill in place of ill-feeling you may reach an arrangement, but will not secure harmonious co-operation. Without harmonious co-operation on the part of all concerned the Wireless Chain can never be made an efficient link of Empire.

STATEMENT BY THE REPRESENTATIVE OF REUTER'S

Mr. JEANS: Speaking as the representative of Reuter, and as such speaking for the whole of the Empire Press, I really can only reinforce what Lord Burnham and Mr. Donald have said. But I think I have a further title to be heard, inasmuch as I myself have heard every wireless discussion which has ever taken place in the House of Commons. I have heard a whole battalion of Postmasters-

General discussing the subject. Having heard all these statements, perhaps I may be allowed to express my surprise that everything remains just as it was. Substantially, we are exactly where we were before the outbreak of war in the wireless position. There has been no material change. Speaking from the point of view of the Dominion journalist, I would like to emphasize the point which Lord Burnham made, and Mr. Donald also, as to the value of competition between the cable companies and the wireless. Once you get competition, the charges of which Lord Burnham complained will, I think, rapidly come down. Competition makes the cable companies, who are always extremely courteous, I must say, still more civil, and the competition of the cable company, in their turn, makes for moderation on the part of Marconi. There is the further more general point of Empire interest. We find, in Reuter's, that where a Dominion is in particularly close communication with the Mother Country, close frequent press communication with the Mother Country, that Dominion is always in closer touch with ourselves than other Dominions with whom press communication cannot, for various reasons, be so frequent. It seems a reasonable presumption that if you get a general increase of communication throughout the Empire, you will have this closeness of touch on a general and extended scale.

THE AUSTRALIAN POINT OF VIEW

Mr. TAYLOR DARBYSHIRE: As far as Australia is concerned, there is only one point. It is this, that we Australian big users of wireless transmission and cable transmission are in the exasperating position of knowing that everything is ready for us in Australia for a wireless service and we cannot get a move on this side. We cannot get movement at all. We have been promised it over and over again. When I said "Good-bye" to Mr. Fiske, the head of the Amalgamated Wireless Company, he said at the beginning of the year, "We shall be ready to start in eighteen months' time." We are no nearer ready now than we were then. The delay is on this side. I think Mr. Bruce will bear me out. The contracts are all fixed with the Amalgamated Wireless people there, and it is only awaiting the word "go." As a user, I do not mind—nobody does mind whether it is a Government concern or private enterprise that is handling the question, but we do want the question handled.

THE SOUTH AFRICAN INTEREST IN THE MATTER

Mr. KERNEY: The case for South Africa is almost the same as the case for the other Dominions, but there is one very important difference I would like to emphasize. The South African newspapers, in their telegraphic communication with this country, have to rely solely on one cable company. The Australian and New Zealand papers have both an Eastern and Western route for their communications; the Canadian Press have all the transatlantic companies for their service, but the South African papers have to rely solely on the cables of the Eastern Telegraph Company. That service is a good one to-day; it has been greatly improved in the last twelve months, and I have every reason to believe that improvement has been largely influenced by the prospect of wireless competition. I think, therefore, it is a fair assumption that when wireless communication between this country and South Africa becomes an accomplished fact, the cable conditions will be improved. That will certainly be for the benefit of the South African papers and for the advantage of their readers, as well as, I think, indirectly for the benefit of the Empire.

INDIAN ANXIETY FOR ACTION IN THE MATTER

Sir THOMAS BENNETT: There is a good deal in saying "ditto" to everybody else in this discussion to-day, and I do not want to repeat any of the general arguments that have been put forward. I would only say that in India the installation of an efficient wireless service would be greatly appreciated, not merely as competing with the cable companies, but as supplementing them, and sometimes as being a substitute for them. Not so long ago, we had some weeks of a very inefficient service, and at that time an efficient wireless service would have been of very great advantage. Now, we are puzzled somewhat to know why there should be the delay in India. The question of principle has been settled, the Government of India have agreed to hand over the service to a private company, and I believe that as soon as the order were given the money would be found for the installation. That makes us a little impatient. There is nothing else that I need say in regard to this matter except that in these days there is a greater call than there has been hitherto for a full and efficient service. A greater interest in home affairs is being taken in India, and I think it is true that in England a greater interest is being taken in Indian affairs.

Lord BURNHAM: Certainly.

Sir THOMAS BENNETT: Therefore, a cheaper service would be of great Imperial advantage.

THE HUMAN POINT OF VIEW

Mr. VINNICOMBE: I would simply emphasize the human point of view. The question of Empire settlement is now under discussion. If you can keep people who go to the Western Prairie in touch with what is happening here, you offer a greater inducement for them to go. Settlement and communication go hand in hand. In Canada they experience difficulty, owing to cost, in getting the news service so complete as they would like. There was a meeting held only recently in Winnipeg, when it was proposed to curtail the news service from Winnipeg to the Pacific Coast and from Montreal to Nova Scotia in consequence of the expense involved. If you want Empire settlement you must have communication, and it seems to me that a cheaper news service would go a long way to facilitate the operation of the Settlement Act.

Lord BURNHAM: Are there any questions you would like to put?

The CHAIRMAN: I will ask my colleagues if they have any questions to ask.

Sir L. WORTHINGTON-EVANS: I have no questions.

THE ATTITUDE OF THE COMMONWEALTH GOVERNMENT

Mr. BRUCE: I do not know that questions are going to help very much. The position, as I understand it, is that the Empire Press Union have come to make representations to the effect that it is vital that we should get a cheaper and more efficient Cable Service. That, of course, one entirely agrees with. I take very much the same view that Mr. Hughes did, although I do not express it in quite the same language. The matter turns largely, as far as Australia is concerned, on the Wireless position. As you know, Australia is going forward with the erection of her own wireless station, which will communicate direct with Great Britain, but that station will be perfectly useless unless we have reciprocal stations here. That is a matter which is under discussion now, and I do not think there is very much to be said about it. From my point of view we have got to get reciprocal stations somehow. The Press Union have raised the matter of Wireless, but I will not now go into detail as I am discussing this question at the present time with the Postmaster-General.

With regard to the Pacific Cable Board, the position, of course, is an intolerable one, inasmuch as when a cheaper rate is suggested the answer is: "Well, it would be useless to reduce the rate; it would give a worse service, because of the terrific congestion that would take place. The line is loaded to its maximum now." The fact that a Cable Company does extraordinarily good business is not exactly an argument in favour of keeping its charges up, and that position cannot remain indefinitely. This question of communication with Australia is so vital that if we are not going to have wireless, if wireless is not coming into the field to compete with the cable service, then the Pacific Cable Board must put down more lines. They must duplicate; they must do something. Australia, of course, has a big interest in the Cable Company and it is not prepared at this stage to advocate this extension and duplication until it is quite clear what will be our position in regard to wireless. From every point of view, therefore, it is vital to Australia that this question of wireless stations is settled somehow. I entirely agree that we must have a cheap, speedy and adequate means of communication, and we are either going to have it by wireless or we must have more cables. With regard to putting any questions to the deputation, there is nothing one can ask at the present stage. The whole matter is under discussion, and all we can say is that we recognize the necessity for this service which is so urgently demanded.

The CHAIRMAN: I thought possibly there might be some points you would like to clear up.

I think the Conference are very much obliged to you for putting the case so plainly. The matter is, of course, one of the subjects under discussion here. We have had a shorthand note taken of all that has been said. We have the statement which, I think, it will probably be convenient to amplify by having Mr. Donald's statement inserted, and, of course, the Conference will consider it in all the deliberations it takes on this subject. The Conference is very glad to have had the opportunity of hearing the representations you have made, which have been put very plainly. We are very much obliged to you.

Lord BURNHAM: We are very much obliged to you, Sir Philip Lloyd-Greame, for the courtesy with which we have been received and for the large measure of concurrence which has been expressed.

(The deputation then withdrew.)

APPENDIX I.

Extracts from Resolutions adopted by the Imperial Press Conference, Ottawa, Canada, August 5, 6 and 7, 1920.

Cable and Wireless Communications.

2. *(a)* That this Conference is strongly of opinion that it has become necessary to secure forthwith facilities for the better, quicker an dcheaper conveyance of news throughout the Empire, and calls upon the Empire Press Union to take immediate steps to attain this end.

(b) This Conference strongly recommends the Governments of Great Britain and Ireland, of the Dominions and of India to encourage the development of cable, wireless and other facilities for the exchange of news and opinion within the Empire, and to assist in securing reduced rates for such intercommunication; any such assistance to appear specifically in the estimates of public expenditure, and to be so directed as not to affect the quality of the news service supplied, or the freedom of the newspapers so served.

(c) This Conference is of opinion that the full utility of cable and wireless communications, as a factor in educating public opinion, and in maintaining a good understanding between all peoples of the Empire, will not be attained until rates are reduced to a basic charge of 1d. per word for Press messages throughout the whole of the British Empire.

3. This Conference is strongly of opinion that steps should at once be taken to provide the British Empire and the world with the advantages of wireless telegraphic and telephonic communications, and it urgently requests the Governments of the Empire to secure by public or by full facilities for private enterprise, at an early date, adequate wireless services throughout the Empire.

4. That with a view to improving cable and wireless communications and inter-Imperial news service within the Empire, this Conference suggests that each delegation shall press upon its own Government the initiation of negotiations with the neighbouring Governments of the British Dominions for such improvement of cable and wireless communications between them as will be to their mutual interest and advantage; information as to any action taken by delegations in this connection to be communicated to the Empire Press Union.

5. That a Committee be appointed in London by the Empire Press Union, consisting of the President, four representatives of the British Isles and two representatives of each overseas delegation, to take action requisite upon the resolution adopted by the Imperial Press Conference (Canada, 1920) regarding Cables and Wireless Communications.

Postal Rates (Letters).

6. This Conference is of opinion that there should be cheaper postal rates for letters throughout the Empire, and the various delegations undertake to urge their respective Governments to take appropriate action; the Empire Press Union to be advised by delegations of any measures they may take to this end.

Postal Rates (Newspapers and Periodicals).

7. This Conference recommends that postal rates within the Empire for newspapers and periodicals should not exceed the lowest rates in force between any foreign country and any part of the Empire.

Dissemination of Empire News.

8. That, as Empire interests need a greater dissemination of knowledge concerning the Empire, this Conference urges the Council of the Empire Press Union to take such action as may be practicable to ensure the interchange and publication of a larger volume of Empire news, apart from political propaganda, by the newspapers associated with the Empire Press Union than at present pertains.

APPENDIX II

Resolution adopted by the Council of the Empire Press Union on July 12, 1921

That this Council is deeply convinced of the necessity of combining Government support with private enterprise and competitive business administration in any world-wide British wireless system; and urges all Governments within the Empire to co-operate on concerted lines, without further loss of time, to secure important business and political advantages that will otherwise be obtained by other enterprises.

That copies of this resolution be sent to the Dominions Prime Ministers and the Indian representatives at present in London; and to the overseas sections of the Empire Press Union, for further urgent action in their respective countries.

SESSIONAL PAPER No. 36

RECIPROCAL ENFORCEMENT OF JUDGMENTS

The discussion on this subject was opened at the Fifteenth Meeting held on the 25th October, 1923.

Sir Douglas Hogg, Attorney-General, in opening this discussion, said that at Common Law in all countries having the English Common Law, and, he thought, in countries having the Roman-Dutch Law, a judgment obtained in one jurisdiction can only be enforced in the other by bringing an action on it. As between the three countries in the United Kingdom the position was altered in 1868 by an Act which provided for the enforcement of the judgments of one country by registering them in the other. In 1911 the Imperial Conference resolved that steps should be taken to see how far judgments obtained in the United Kingdom or in any one of the Dominions could be reciprocally enforced. In 1916 a Draft Bill was circulated to the various Dominions practically drafted on the lines of the British Judgments Enforcement Act. That was criticised by various Dominions, a Committee was appointed by Lord Finlay to investigate those criticisms, and, as a result, a modified Bill was circulated in 1919 and was substantially enacted in this country in 1920 by the Administration of Justice Act.

THE ADMINISTRATION OF JUSTICE ACT, 1920

That Act provides that wherever there is reciprocal legislation the judgments in one country can be enforced in the other by registering them in the other country, subject to certain exceptions, where there is an Appeal pending, or where the Court originally acted without jurisdiction, or where there has been no appearance or submission to the jurisdiction, or where the judgment has been obtained by fraud of the party, or where the judgment is contrary to the public policy of the particular country where it is sought to be enforced. With those exceptions a judgment obtained in any Dominion which has adopted reciprocal legislation can be registered in England and thereupon enforced just as if it were a judgment obtained in England.

THE PRESENT POSITION

New Zealand, Western Australia, South Australia, Newfoundland, and most of the Colonies, have adopted the Act, and therefore Reciprocal Enforcement of Judgments prevails as between them and Great Britain. With regard to other Dominions or States, some have promised to legislate at once, some have said they may legislate when they can find time, and some have not answered at all. It is obviously a matter for each Dominion to make up its own mind about, but in practice it is of material assistance if, instead of having the expense and trouble of a fresh action when a judgment has already been obtained, it were possible, by the simple and inexpensive method of registration, to enforce a judgment obtained in one part of the British Empire in any other part of the British Empire. The suggestion the British Government had to make was that the Dominions should favourably consider the possibility of enacting legislation on the lines of the British Administration of Justice Act, 1920, as soon as they saw fit.

COMMERCIAL AWARDS

With regard to Commercial Awards, including Arbitration Awards, the position in this country, and the position under the Administration of Justice Act, is that wherever an Award has become enforceable in the country of its origin, the country where it is made, as a judgment (which is done in England

by an application to the High Court then it can be enforced as a judgment by registration under the Administration of Justice Act in any country which adopts that Act.

CANADIAN PROVINCES NOT YET READY TO ACCEPT PRINCIPLE

Sir LOMER GOUIN said that under the Canadian constitution the Provinces have exclusive jurisdiction to legislate in matters of the administration of justice in the Provinces. Since the Resolution of the Imperial Conference in 1911 referred to by the Attorney-General was passed the different Provinces of the Dominion had been consulted, and it appeared from the answers received that the majority were not ready, at any rate for the present, to legislate on the lines suggested. While, therefore, he was prepared to be party to a Resolution pointing out the general convenience of reciprocal enforcement of judgments, he wished to make it abundantly clear that he could in no way bind the Provinces.

COMMONWEALTH PREPARED TO ACCEPT PRINCIPLE

Senator WILSON said that he was largely in the same position as Sir Lomer Gouin. The Commonwealth Government were quite prepared to adopt the principle of reciprocal enforcement of judgments, and would do what they could to bring the matter to the attention of the States Governments with a view to uniformity being attained.

POLICY ALREADY ADOPTED IN NEW ZEALAND

Sir JAMES ALLEN said that New Zealand already reciprocated with the Mother Country in this matter, but that they were anxious to go further, and an Act had been passed last year to enable reciprocity to be extended to other parts of the Empire, and he should be very glad to know that the other Dominions would co-operate.

Mr. De WET said that while his general attitude on this matter was sympathetic he could not be very enthusiastic about it, since to his mind there was no urgent necessity for legislation of this nature in South Africa. In his seven years' experience as a Minister not a single case had been brought to his notice where there had been any difficulty about enforcing a foreign judgment, but as soon as he could see his way clear he would introduce a Bill.

Mr. RIORDAN stated that he had received no instructions from his Government on this subject, but would bring the matter to their attention on his return to Dublin.

Sir PATRICK MCGRATH said that Newfoundland had already legislated.

Mr. INNES said that the matter had been under consideration for some time past in consultation with local governments and public bodies in India, and the principal of the proposal had found general acceptance. The Government of India as a result were favourably disposed towards legislation, and had the matter now under consideration.

Mr. ORMSBY-GORE said that the only important Colonies which had not yet taken action were Kenya Colony, Fiji and Malta. He had every reason to hope that they would all come in. He hoped that when any Dominion or Province was going to legislate they would bear in mind the New Zealand Act which contained a provision making it possible to apply the Act universally in the Empire.

At the conclusion of the discussion Sir Douglas Hogg said that as there was general agreement as to the giving of recognition to the judiciary of each

part of the British Empire in other parts, he would suggest that, without committing any Dominion to any specific legislation within a specific date, a Resolution, recommending the desirability of legislation might perhaps meet with acceptance. It was accordingly decided to frame a Resolution, which should contain a reservation covering the case of those Dominions where these matters come within the scope of Provincial or State Governments.

RESOLUTION ADOPTED

The following Resolution was accordingly adopted by the Conference at the Seventeenth Meeting, held on the 1st November, 1923:—

> "The Imperial Economic Conference take note of the action already taken in many parts of the Empire to carry into effect the proposal contained in Resolution XXV of the Imperial Conference, 1911, with regard to mutual arrangements with a view to the enforcement in one part of the Empire of judgments and orders of the Courts of Justice in another part, including judgments or orders for the enforcement of commercial arbitration awards. While it is recognized that in certain Dominions these matters come within the scope of Provincial or State Governments whose freedom of action could not be bound by any decision of the Dominion or Central Government, the general view of the Imperial Economic Conference is that a universal arrangement throughout the Empire for the reciprocal enforcement of judgments, including arbitration awards, could not fail to be valuable and advantageous to trade and commerce, and is accordingly an object at which the different parts of the Empire should aim."

PATENTS, DESIGNS AND TRADE MARKS

The discussion on this subject was opened at the Second Meeting, held on the 4th October, 1923. The Conference had before them the memorandum by the Board of Trade, I.E.C. (23)-8, reproduced below.

The CHAIRMAN reminded the Conference that the British Empire Patent Conference, 1922, made two recommendations. One was the recommendation of an ideal to be aimed at, *i.e.*, an Imperial Central Patent Office. This would take a long time to establish. The second was the recommendation of a provisional system under which an applicant would be able to apply for a patent at the Patent Office in Great Britain and to obtain, on that application, the registration of his patent both in Great Britain and throughout the Empire, subject to this: that, on notice of the application for registration being sent to a local Patent Office, it would be open to objection either by the Comptroller of that Patent Office or by local objectors.

It was agreed to set up a Committee to consider and report to the Conference on Imperial co-operation with reference to Patents, Designs and Trade Marks. The Report of this Committee (see page 434) was discussed at the Seventeenth Meeting of the Conference, held on the 1st November, 1923, and the following Resolution was adopted:—

> "This Imperial Economic Conference have given careful consideration to the Provisional Scheme recommended in the Report of the British Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is

a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Conference feel unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Conference, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates, and that considerable benefits would thereby be derived by inventors throughout the Empire."

IMPERIAL CO-OPERATION WITH RESPECT TO PATENTS, DESIGNS AND TRADE MARKS

Memorandum by the Board of Trade (I.E.C. (23)—8).

1.—Empire Patents

A copy of the Report of the British Empire Patent Conference 1922, is circulated herewith.* It shows what action was taken to carry out the Resolution of the Imperial Conference of 1921 endorsing the following proposal of a special Committee:—

> "The Committee recommends that a conference of representatives of the Patent Offices of His Majesty's Dominions shall be held in London at an early date to consider the practicability of instituting a system of granting patents which should be valid throughout the British Empire."

The definite recommendations of the Report were as follows:—

(*a*) The existing rights of the United Kingdom, the self-governing Dominions, and India to grant patents in accordance with their laws and within their own territories to be maintained in full.

(*b*) The establishment of a Central Patent Office for the reception and examination of applications for, and the grant of, patents which shall extend to the United Kingdom, or to any of the self-governing Dominions, or to India, upon registration in the particular territory in which protection is desired. The application for registration to be open to opposition before registration is actually effected.

(*c*) The Central Patent Office, in examining applications submitted to it, to make a search co-extensive with the field at present covered by the searches now made in the United Kingdom, the self-governing Dominions and India collectively.

(*d*) The scheme suggested above to be equally applicable to all the Colonies and Protectorates, subject to the qualification that the application for registration shall not be open to opposition unless the existing law makes provision for the hearing of opposition to the grant of patents, but in any case the local Courts to be empowered to declare that an exclusive privilege has not been secured in the territories within their jurisdiction.

(*e*) The fees for registration to be of such amount as would result in a considerable reduction in the total cost of obtaining patents throughout the Empire at the present time.

While the Conference accepted the above scheme as that which would have the greatest chance of success and acceptance throughout the Empire, the Delegates felt that in view of the difficulty of equipping a Central Office with all the

* Not reproduced.

necessary material for the extended examination and of the time and expense which would necessarily be involved, it would be desirable to consider the possibility of some provisional scheme, which might be put into force until such time as the "preferred" scheme became capable of realization.

This proposal was adopted and the Provisional Scheme as drafted and accepted is as follows:—

(*a*) Existing rights of the United Kingdom, self-governing Dominions and India to grant patents in accordance with their laws and within their own territory to be maintained in full.

(*b*) The patent obtained by examination and grant in the United Kingdom Patent Office to extend to any of the self-governing Dominions or to India upon registration in the particular territory in which protection is desired; the application for registration to be open to opposition, and to any lawful objection which the head of the Patent Office where registration is applied for may think fit to raise, before registration is actually effected.

(*c*) The scheme suggested above to be applicable to any of the Colonies and Protectorates with such modifications as may be suitable to local requirements and administrative machinery.

Copies of the Report have been submitted to the Governments of the Dominions and India, with a view to the adoption of the Provisional Scheme recommended. Up to the present the following replies have been received: -

Self-Governing Dominions.

Canada	Not prepared to adopt
New Zealand	Favourable consideration likely but final decision deferred.
Union of South Africa	Matter to stand over for the present.

Colonies and Protectorates.

*Malta	Will adopt
Cyprus	Favourable
Federated Malay States ..	"
Gibraltar	"
Gilbert and Ellice Islands.	"
Grenada	"
Hong Kong	"
Nigeria	"
Seychelles	"
Somaliland	"
Straits Settlements	"
Unfederated Malay States .	"
Zanzibar	"
Gold Coast	Favourable, but considers existing legislation sufficient.
Bahamas	Unfavourable
Southern Rhodesia	"
Northern Rhodesia	"
Basutoland	Postpone decision until Union of South Africa has decided.
Bechuanaland	Ditto
Swaziland	Ditto

* In the case of Malta, the scheme which they are prepared to adopt is that outlined for the Dominions and India.

It is suggested that the Imperial Economic Conference should futher consider the Report of the Patent Conference, 1922, with a view to general agreement as to the adoption of the Provisional Scheme.

DESIGNS AND TRADE MARKS

As regards Imperial registration of designs and trade marks, it is thought premature to make any definite suggestions until it is seen whether the proposals with regard to patents meet with general approval, especially as in some parts of the Empire there is at present no system of domestic registration of trade marks.

If, however, it is found possible to adopt the Provisional Scheme for the Imperial grant of patents a resolution might be proposed urging the various Governments to proceed to consider the possibility of a scheme of Imperial registration of designs and trade marks.

April, 1923.

Supplementary Memorandum by the Board of Trade (I.E. (Pat.) 2).

With reference to the Memorandum by the Board of Trade on Empire Patents circulated as Paper I.E.C. (23)-8, it is notified for the information of the Committee that the following additional replies relative to the adoption of the Provisional Scheme have been received:—

Self-Governing Dominions.	
New Zealand (further reply)	Favourable, but final decision deferred.
Colonies and Protestorates	
Bermuda	Favourable.
British Honduras	"
Falkland Islands	"
Fiji	"
Gambia	"
Nyasaland	"
Sierra Leone	"
Solomon Islands	"
St. Lucia	"
Uganda	Favourable, but considers existing legislation sufficient.
Ceylon	Wishes to adopt scheme for Self-Governing Dominions.
St. Vincent	Ditto.
Mauritius	Unfavourable.

Board of Trade,
October 10, 1923.

PATENTS COMMITTEE.

The terms of reference of the Committee were: to consider and report to the Imperial Economic Conference on the questions arising under paragraph 4 (E) of the draft agenda, viz., Imperial Co-operation with reference to Patents, Designs and Trade Marks.

The Committee was constituted as follows:—

Mr. W. Temple Franks, C.B., Comptroller-General of Patents, Designs and Trade Marks;
Dr. O. D. Skelton, M.A., Ph.D., Canada;
Sir Robert Garran, K.C.M.G., Solicitor-General, Commonwealth of Australia;
The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;
The Hon. N. J. de Wet, K.C., Minister of Justice, Union of South Africa.
Mr. E. J. Riordan, Secretary to the Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;
The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by the Hon. Sir P. McGrath, K.B.E., and Capt. V. Gordon, Acting High Commissioner for Newfoundland;
Sir E. M. Cook, C.S.I., C.I.E., India;
Mr. L. R. Lumley, M.P., Colonies and Protectorates.
Mr. B. G. Crewe, Patent Office, and Mr. G. F. Ainsworth, Commonwealth of Australia Delegation, acted as joint secretaries to the Committee.

Report

To the Chairman of the Imperial Economic Conference, 1923.

Sir,—I have the honour to report that the Patents Committee appointed by resolution of the Imperial Economic Conference has held three meetings, on the 11th 18th and 23rd October, 1923. The second meeting was devoted to a visit to the United Kingdom Patent Office and an investigation of the procedure and practice there adopted in connection with applications for patents; with special reference to the examination for novelty.

I.—PATENTS

Discussions

The deliberations of the Committee were limited to the question of the acceptance by the Dominions and India of the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922. Copies of this Report had previously been submitted to the Governments of the Dominions and India and of the Colonies and Protectorates with a view to the adoption of the Provisional Scheme; and a summary of the replies received was circulated to the Committee. (See Papers I.E.C. (23)-8 and I.E. (Pat.) 2).*

Position of the Dominions, India, &c., as regards the Provisional Scheme

As a result of the Discussions which took place, the attitude of the various Governments may be briefly summarised as follows:—

Canada.—Dr. Skelton stated that Canada was unable to accept the Provisional Scheme, as it afforded no provision for the reciprocal extension to the United Kingdom of patents granted in Canada. Apart from this, there were certain points of detail upon which difficulties were felt.

The Commonwealth of Australia.—Sir R. Garran, as a result of the discussions said that the Commonwealth was unable to pledge itself to an immediate acceptance of the Scheme. They were in sympathy with the principle, but considered that the Scheme made insufficient provision for the security of the Australian patentee, having regard to the extended period within which registration in Australia of a United Kingdom patent would be possible.

*See pages 432-433.

New Zealand.—Mr. Crow said that New Zealand was definitely favourable to adoption, but his Government regarded the success of the Scheme as dependent upon its acceptance by the majority of the Dominions and India.

The Union of South Africa.—Mr. De Wet explained that the Scheme differed but little from the procedure and practice already in force in the Union, and there would consequently be no great difficulty in accepting the principle. There were, however, difficulties in the way of the necessary legislation. If, nevertheless, the other Dominions fell into line, South Africa would do its best to come in. Even if the Dominions did not at present adopt the Scheme, great practical advantages would be obtained by its universal adoption by the Colonies and Protectorates.

The Irish Free State.—Mr. Riordan stated that the Irish Free State had not yet decided upon the form its patent legislation would ultimately take.

Newfoundland.—Sir M. Winter said Newfoundland was prepared to accept any decision arrived at by the Committee.

India.—Sir E. M. Cook stated that India was doubtful about adopting the Provisional Scheme owing to difficulties in the way of legislation. These might arise in consequence of the apparent preferential treatment of persons obtaining patents in the United Kingdom. His Government would feel less difficulty about adopting the "Preferred" Scheme. If, however, the other Dominions all agreed to adoption, India would endeavour to pass the requisite legislation.

The Colonies and Protectorates.—A large proportion of the Colonies and Protectorates had agreed to adopt the Scheme.

Observations upon the Views of the Dominions and India.

The obstacles in the way of the immediate adoption of the Scheme by the Dominions and India appeared therefore to be—

(A) Objections to principle.
(B) Criticism of detail.

A memorandum dealing with these difficulties was prepared by the Chairman and circulated to the Committee. The arguments used may be briefly summarized as follows:—

(A)—*Objection to Principle.*

(i) *A Complete Reciprocity not Possible.*

A complete reciprocity of practice under the Provisional Scheme appears impossible owing to the differences of practice and procedure in the various offices of the Empire. It is practically admitted that the United Kingdom Patent Office is the one which at the present time possesses the most complete and efficient system, and consequently is most suited to act as a Central Office for the Empire.

(ii) *A Complete Reciprocity Wasteful and Uneconomical.*

Even assuming that all the Patent Offices of the Empire were of equal efficiency, the mere fact that reciprocity could be accorded would not prevent such a system from being both wasteful and uneconomical. The reciprocal registration of Dominion Patents would not only introduce additional complications, but would accentuate the tendency towards the multiplication of Offices all performing the same difficult and technical examination of specifications, which it is the main object of an Empire Patent Scheme to prevent. The burden of the inventor would consequently be increased instead of decreased.

(iii) *No Derogation of Autonomous Rights and no Undue Preference.*

There is no real derogation of any powers at present exercised by the Dominions in the voluntary selection of an Office elsewhere for the purpose of making the necessary examination of an inventor's claims.

(iv) *Advantages to Empire Inventors.*

The advantages which would accrue from the Provisional Scheme are advantages which will accrue not only to inventors in the United Kingdom, but to inventors throughout the British Empire.

(B)—*Criticism of Detail.*

As regards the criticisms of detail, no matter of principle is involved, and the difficulties raised might be adjusted by correspondence between the heads of the Patent Offices or met by some provision in the local laws.

Conclusions of the Committee

This memorandum formed the basis of discussion at the final meeting of the Committee. At this meeting the Canadian Representative stated that he was compelled to adhere to the original decision of the Canadian Government, and the Representative of India expressed, as before, his doubts as to the possibility of legislation. In these circumstances, the Representatives of the other Dominions considered that the advantages of the Scheme (which was only provisional, and a step towards the "Preferred" Scheme recommended in the Report) were not sufficient to outweigh the difficulties of passing legislation and of adjusting the practical details. The Committee, therefore, were unable to agree to a definite acceptance of the Provisional Scheme. They were, however, of opinion that the advantages of the Scheme in its application to the Colonies and Protectorates were considerable, and that its adoption by them would be highly desirable in the interests of inventors throughout the Empire.

The following Resolution embodying these views was accordingly passed:—

> "The Committee have given careful consideration to the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Committee feel unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.
>
> "The Committee, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates and that considerable benefits would therefore be derived by inventors throughout the Empire."

II.—Designs and Trade Marks

Having regard to the attitude of the Dominions and India to the principle involved in the Provisional Scheme for patents, it appeared to be useless to proceed to the consideration of the practicability of the Imperial Registration of Designs and Trade Marks, and no recommendation is made upon the question.

I have the honour to be, Sir,
Your obedient servant,

(Signed) W. TEMPLE FRANKS,
Chairman of the Committee.

October 30, 1923.

ECONOMIC DEFENCE

(Flag Discrimination)

The Conference discussed this subject at their Thirteenth Meeting held on Tuesday, the 23rd October, 1923. The following Resolution was before the Conference:—

> "In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare:—
>
> "1. That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.
>
> "2. That in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

THE NEED FOR RESISTING UNFAIR FLAG DISCRIMINATION

The CHAIRMAN, in introducing this Resolution, said that their whole discussion on Shipping Communications had emphasized the vital importance to every part of the Empire of the mercantile marine, that essential factor in the complex of Empire trade. Any attack upon Imperial shipping was, in point of fact, an attack on the common interest of trade within the Empire. British shipping had always taken the attitude that given a fair field they were prepared to face any competition, but that shipping should be subjected to unfair discrimination was not reasonable. In the past there had been numerous attempts at such discrimination, and the Chairman cited examples. He pointed out that there was undoubtedly to-day a serious risk in a number of countries of discrimination against shipping, which, though general in character, was bound to hit British shipping hardest every time. The purpose of the Resolution before the Conference was to ensure that when any such attack should be made there should be consultation between the units of the Empire, of course leaving it to each Government to decide what actual steps it should take.

After a brief discussion the Resolution was unanimously adopted.

EMPIRE CURRENCY AND EXCHANGE

The Conference had before them a memorandum prepared by the Treasury on Currency Co-operation in the British Empire (Paper I.E.C. (23)—33, see page 464). The discussion of this subject was begun at the Sixteenth Meeting of the Conference held on the 26th October, 1923, and proceeded as follows:—

The CHAIRMAN: I will ask Sir James Allen to open the question as it has been raised primarily by New Zealand.

NEW ZEALAND'S REASONS FOR RAISING THE SUBJECT

Sir JAMES ALLEN: Unfortunately, Mr. Massey has another engagement this morning and cannot be present for some little time. It therefore falls to me to explain why New Zealand asked that this question of Empire Currency

should be placed upon the agenda paper. There are two reasons. One is the serious detriment with which our trade was hampered by the difficulties with regard to the remittances of money from London to New Zealand and New Zealand to London, and the rates of exchange. The parity of our currency was also to some extent a difficulty, although not so great with us perhaps as with some others. The other reason why we asked that it might be placed on the agenda paper was that Mr. Darling, who, I understand, is a banker of some prominence and an ex-director of the London Joint City and Midland Bank, had made a special study of the question extending over some years, and that he finally put up these definite proposals with regard to Empire Currency Bills.

DIFFICULTIES WITH REGARD TO EXCHANE RETWEEN NEW ZEALAND AND LONDON

I want to make plain, if I can, our difficulties with regard to the remittances of money and exchange, which have been so great as seriously to interfere with our trade. I think probably that Australia would be able to tell a story still stronger than mine with regard to remittances of money from London to Australia. I know that the British Australian Wool Realization Association have very great complaints to make with respect to the cost of remitting money which is due to their farmers in Australia for wool. Our difficulty arose owing to the fact that the question of drafts appeared to be entirely in the hands of the banks, whether they were drafts for sale or drafts to be purchased, and that the banks appeared to exercise a monopoly, in the exercise of which, in our judgment, they were charging rates which were not justifiable.

On the 22nd October the banks were selling demand drafts on New Zealand and were charging 17s. 6d. On a cable transfer to New Zealand they charged 25s. On the other hand, when the banks were purchasing demand drafts on New Zealand they only paid £98 10s. for them, and for three months' drafts on New Zealand they paid £97. I am bound to say that next month, on the 2nd November, the purchased demand drafts on New Zealand will be slightly reduced. Here may I say that apparently the publicity which has been given to this question during the last twelve months may have had an affect upon the banks themselves, because one finds that the terms have been improved twice recently—$\frac{1}{2}$ per cent was granted in August, 1923, £98 to £98$\frac{1}{2}$; and another $\frac{1}{4}$ per cent is due on the 2nd November, 1923, bringing the £98$\frac{1}{2}$ to £98$\frac{3}{4}$ for buying demand drafts in New Zealand or Australia? So far as we in New Zealand are concerned, the banks sell demand drafts on London and allow 5s., that is to say, the drafts cost £99 15s., and three months' drafts £99. For cable transfers on London they charge 5s., costing us £100 5s. The purchase demand drafts on London cost 35s.—£98 5s.; and three months' drafts 60s.—£97.

The difference, therefore, in the buying and selling rates in the same place is really very substantial and a very heavy charge on trade. I will give you an instance. A British merchant who desires to purchase New Zealand exchange would have to pay the London bank £100 17s. 6d. in order to receive £100 in New Zealand six to seven weeks hence, so that he pays 17s. 6d. premium, and in addition to that he loses interest on the £100 17s. 6d. for six or seven weeks. On the other hand, if he is to receive payment for goods shipped to New Zealand the London banks will only discount his £100 demand draft on New Zealand at £98 10s.—that would be raised in November to £98 15s.—so that in buying £100, New Zealand pounds, he pays £100 17s. 6d., and by selling £100, New Zealand pounds, he receives £98 10s. The difference, in our judgment, constitutes a fairly large profit to the banks. We do not wish to exclude the banks from making reasonable profits, but with profits such as those it appears to us to go beyond what is reasonable, and we consider them a serious detriment to trade.

NEW ZEALAND'S DIFFICULTY WITH REGARD TO REMITTANCE OF MONEY TO AUSTRALIA

I also want to call attention to the very grave difficulty that we had in New Zealand with respect to the payment of moneys that were owing to Australia by New Zealand. New Zealand tried to secure means of transmitting money in New Zealand, and they cabled to me to ask me to try and get some favourable chance of remitting from London. I could get no favourable terms whatever, and it ultimately resulted in New Zealand borrowing money in Australia at 5½ per cent. They had the money to pay these debts, but the cost of remitting was so heavy that it paid them better to borrow money in Australia to pay a debt which was due. Here may I say that it has been suggested—I am not quite sure whether by the Treasury or not—that those who wish to remit money have other sources than the banks themselves to which they can apply, that is to say, there may be companies doing business with Australia and New Zealand who would be prepared to consider drafts for remittances? I have experimented upon that, with no good result whatever. There is very little to be obtained in that way, although occasionally you may get a small amount at a better rate than the bank will provide. But when it comes to remittances of large amounts of money, such as the British Australian Wool Realization Association have to remit to Australia, that is impracticable. After all, we have got to get back to the one source of supply—the banks—and try to arrange some reasonable terms.

APPOINTMENT OF COMMITTEE SUGGESTED

Now, I am going to suggest, if I may, that the question, which is a very difficult and technical one, should be referred to a Committee, and that that Committee should ask Mr. Darling, the Treasury, and any others that the Committee may think fit, to come before them and explain the scheme, and answer questions, and that then the Committee might report to us and we might have a considered judgment after having gone into details which I do not think it advisable to go into here. Then we might come to a conclusion.

SIR J. COOPER'S SCHEME

I have alluded to Mr. Darling's scheme, and I will say a word or two about that in a minute. Since Mr. Darling first proposed his scheme, two other schemes have been suggested, one by the Treasury in the Treasury Memorandum which has been submitted to us, and the other submitted quite recently by Sir James Cooper, the Deputy Chairman of the British Australian Wool Realization Association. Sir James Cooper's scheme was published in the *Economist* of the 20th October, 1923. Sir James Cooper, with whom I have had several conversations about Mr. Darling's scheme, is strongly in favour of Mr. Darling's proposal, but, assuming the possibility of Mr. Darling's scheme not being accepted, he suggested another one, an alternative, to the following effect:—

"(*a*) Let the Commonwealth Government definitely arrange that the Commonwealth Bank of Australia shall fulfil its proper and original function and allow perfect freedom for exchange operations in any part of Australia to any customer who likes to open an account with it.

"(*b*) Let the New Zealand Government, regardless of its holding in the Bank of New Zealand, insist on the Bank of New Zealand allowing perfect freedom likewise throughout New Zealand.

"(*c*) Let both, through these Banks in London, give proper facilities for the purchase and sale of Australasian exchange in London."

I myself would have put in the words "Australia and New Zealand" instead of "Australasian," because I do not like the word "Australasian."

Now, I am not going to comment upon Sir James Cooper's scheme, but I think that might also be remitted to the Committee to inquire into, if they should see fit to do so; nor am I going to comment upon the Treasury scheme, except to say that I think the Treasury objections, in my judgment—and I am only a layman, please understand—are somewhat far-fetched, especially with regard to the mutual agreement. I can understand the banks raising the issue of mutual agreement, because the Associated Banks are naturally opposed to this scheme. It will affect to some extent their profits unless, as Mr. Darling claims, the Empire Currency Bills so improve credit that increase of trade might be expected. If that increase of trade were to accrue, it is quite possible, though the banks may lose through some alteration with respect to exchange and remittances of money, they may make greater profits out of increased trade, because they would have to finance traders probably. That is only my suggestion. As regards Mr. Darling's scheme——

The CHAIRMAN: As regards the Treasury criticism, I may put this to you now. I gather that it was twofold, first of all, the objection to Mr. Darling's scheme as a scheme on its merits, but, secondly, if you establish Mr. Darling's currency scheme, that that would not solve the immediate and burning question which you are raising, namely, the rates of commission which the banks charge, because whether you have Mr. Darling's system or the present system, the ordinary trader will have to acquire his exchange through the banks.

Sir JAMES ALLEN: Yes, but if I understand Mr. Darling, the holder of a Currency Bill will be able to convert into currency wherever it is required. I am not going into that in detail; I am not a banker, and that is the sort of question the Committee may well consider. As regards the Treasury proposals for a central bank of issue in the various countries, I do not want to go into that. I think the Committee should examine the Treasury and let us know what their considered judgment is after that examination.

MR. DARLING'S PROPOSALS

As regards Mr. Darling's own proposals, I want to say a few words, if I may. The main points in his scheme are the free convertibility between Empire Currency Bills and the currency of the participating countries—free convertibility. Each country should undertake not to issue currency except against gold or Empire Currency Bills; that is to say, in Great Britain the Empire Currency Bill would probably, to a certain extent, be the reserve security to be held by the bank instead of what they do now, holding so many of the Treasury Bills; and may I just say that I think Mr. Darling has been led to adopt the Empire Currency Bill scheme very largely because he has realized the growing importance of the Empire question, and that he believes that by the creation of an Empire Currency Bill, you will have a security quite as liquid and quite as valuable to the bank and to others, if necessary, as a British Treasury Bill itself? And there is some attraction in the name of Empire Currency Bill; a combined issue on behalf of the participating countries by commissioners in London representing those countries, and the Empire Currency Bills to be sold in London by competition, thus securing the best rates and the best market. They are to be for three months in two sections, one in Bills payable at three months and the other in Certificates subject to three months' notice of repayment on either side; and these Certificates to carry interest based on the Bill rate. He suggests a reserve or gold basis of 5 per cent

to 10 per cent to be contributed by the participating countries in proportions to be agreed upon. He reports against a separate Treasury Bill issue by each country on the ground that the combined gold reserve would be more effective than several small portions, and also many separate lots of Bills could not be issued so economically as a combined issue. I am giving Mr. Darling's proposals—I am not responsible for these. As regards the total amount to be authorized, he did, on some earlier occasions, name a given amount. In his later pamphlet he has laid down no definite amount; that is to be a matter for future arrangement; but his idea originally was, at any rate, that the Currency Bills when issued should be secured by the banks, and should represent security for the currency, which at that time, I believe, was at 340 millions, and that the remainder could be sold at rates corresponding, leaving a considerable amount available for the banks and for the public.

An important point, which perhaps might be misunderstood by some, is that under Mr. Darling's scheme the issue of these Empire Currency Bills would not mean any increase of indebtedness to any of the countries concerned. His idea is that they should be issued to replace War Loans or short-dated Loans, for which we are now paying interest, and as a result we might be safe to anticipate that, in some instances, at any rate, although we should not have the same stable security, or partial stable security, we should have a floating security and, at any rate, we should have to pay a lower rate of interest. We may be paying 4½ per cent or 5 per cent for our War Loans, and probably it is safe to assume that we should secure the Currency Bills at about 3½ per cent and thus save interest. The maturing Bills would be met by proceeds of sales on renewing Bills, subject to such adjustments as might be necessary in respect of interest and discount expenses, and he says: "The New Zealand Banks, by purchasing Currency Bills here, could ensure the proceeds being available in New Zealand. Currency could be issued to their value, as they would apparently come within the powers of the banks in their special acts to convert public securities into currency within the prescribed limits."

I do not know that I need go into any further detail with respect to the proposals; I have simply outlined, it seems to me, very briefly what appeared to me to be the main points, and I do consider that there is something to enquire into. We want relief somehow, and must get relief if we can, from the very heavy charges on us for remittances and exchanges, and I suggest that a Committee be set up with power to call for these experts, who may be able, if they do not approve of Mr. Darling's scheme, to suggest means by which this relief may come.

THE MATTER ONE FOR A COMMITTEE

Mr. Bruce: I think, Sir Philip, it would be better if I spoke now, because it may then appear that it is not necessary for the Treasury here to go into the question at the length they may be contemplating. All I want to say at this stage is that I entirely endorse the suggestion of Sir James Allen that this matter should be referred to a Committee. It is quite hopeless to attempt to discuss it here.

I will merely give one example of the seriousness of these proposals, and the necessity to examine them from every point of view. Even if it were established that Mr. Darling's scheme is perfectly sound, and that it will solve the problem we are faced with, it is very possible that it involves a complete reversal of the whole of our banking system in Australia. That is a question that would have to be reviewed in very great detail before one could agree to a scheme of this character.

A REMEDY MUST BE FOUND

But what I do want to deal with in the very few remarks I wish to make is the absolute necessity for doing something. We must find some remedy for the position which is quite intolerable at the present time. During recent years we have had such tremendous fluctuations in the position as between London and Australia that unquestionably the trade between the two countries has been very seriously hampered, and it has had other results which might eventually lead to a most undesirable position.

THE AUSTRALIAN EXCHANGE SITUATION IN 1921

Going back to the situation which arose in the early days of 1921, Australia was very prosperous at the time; she had plenty of money available for remittance to Britain; she had certain commitments to meet in Britain, but we found not merely that an excessive rate had to be paid to remit money to Britain, but that it was absolutely impossible to effect a transfer at all. That was very serious. The rates that had to be paid for what could be got certainly hampered trade, but the more serious side of it was the fact that there were a great number of old commitments outstanding in London which simply could not be met. Australia's credit in the past has been extraordinarily good in the British market. I think, generally speaking, the British manufacturer would say he preferred to deal with Australian businesses for the reason that they are mostly fairly long established, have got big resources behind them, and, generally speaking, take the fullest possible advantage they can obtain for cash payment; and with many of the very big businesses trading with this country it had become quite an established principle that they generally paid cash if it was advantageous to do so. If it was not, they paid by bill, but the idea of renewing bills was quite an unusual one. In 1921 we found ourselves faced with the position where houses that had never renewed a bill in their transactions in Britain had to go to the manufacturers with whom they were dealing and tell them quite frankly that they had to renew bills; and in many cases they had to renew them, not once, but twice, or even oftener, before the exchange position became such that they could transfer the ample funds they had in Australia to Great Britain. A happening of that sort which can be explained does have a certain effect upon creating an atmosphere of doubt in regard to the credit of a particular country, and Australia has certainly got to see to it that she is not going to be placed in that position again.

The CHAIRMAN: It is very bad for the man here who is going to be paid.

Mr. BRUCE: That led to very many serious difficulties, for the reason that a great number of the people here came under suspicion of their banks and their position was a very difficult one because, as far as the Australian merchant was concerned, it was comparatively easy for him to explain the situation to his manufacturer where it was one isolated transaction; but where you had a great business in Britain which was probably trading with all the quarters of the globe and had facilities with his bank in respect of that trade, it was very difficult always to make it quite clear that the cause of the present temporary embarrassment was a particular exchange situation which had arisen in regard to Australia. And I know with absolute certainty that at that time the banks in Britain were doing a thing which is not their usual practice, that they were not merely considering the amount of the overdraft the manufacturer had from them, but they were taking very much greater care than they usually do to combine the overdraft with the bills under discount and arrive at the total

liability of any individual manufacturer. Of course, in the general way that is always done by the bank, but it is not done with the same precision and care as during this particular period. Certainly Australia did very considerably embarrass a number of the people they were trading with at that time, and that situation cannot be allowed to recur in the interests of Australia and also in the interests of the trader at this end of the world.

THE SITUATION IN 1922

The other side of the picture arose during the year which has just gone, 1922, and the beginning of this year, when Australia found herself in the very reverse position, that while she had ample funds in Great Britain it was almost impossible to transfer them to Australia. In fact, in regard to one instance which has been quoted by Sir James Allen, that of the British Australasian Wool Realization Association, they actually were in the position of having something like 6 or 7 million pounds over here that it was almost imperative that they should transfer to Australia and there was no method by which they could get facilities to do it. Of course, the effect upon Australia is very serious in a happening of that sort. I remember at the time we were considering the question of a Commonwealth Loan for certain development works in Australia and I discussed it with the directors of "Bawra," and I discussed it with a great number of people in "Bawra" who were expecting substantial amounts of these 6 or 7 millions; but the fact that the money could not be transferred at the time we wanted it greatly embarrassed us. In regard to that particular loan, it led, when action had to be taken, to the withdrawal of a great deal of money which should have been available for ordinary commercial purposes in Australia, and that withdrawal was necessitated because we really could not get money from Great Britain, whereas if the money could have been transferred readily and easily we should not have had any sort of embarrassment with our own local finance. That is the sort of situation in regard to which some action must be taken.

THE POSITION OF THE BANKS

I do not want at this time to go into the question of whether the banks in Australia have failed in a very obvious duty which lay to their hand, to handle this situation. They were faced with the difficulty that gold had disappeared and they had to find certain new bases to carry through their transactions. All I will say is, they certainly did not arrive at any method by which what was so necessary should be accomplished. The other point is as to the difference between the banks' selling and buying rates. That again is a question which at this time I do not want to go into. I have expressed my opinion very clearly and definitely to the banks, and it is a situation which cannot be allowed indefinitely to continue. If out of the deliberations of this Committee some scheme is evolved on a very broad basis, there may be no necessity to take that question up or to take any action, but if no broad solution of the whole question is evolved then it is a matter to which certainly the Australian and New Zealand Governments will have to give very serious consideration. We have both got institutions which are supposed to be National Banks, and there would appear to be in our hands an instrument to remedy a situation which is becoming increasingly difficult, but I do not want to deal with that side of it at this moment. It may not even be necessary for us to consider what action we should take in that connection.

IMPERATIVE THAT THE MATTER SHOULD BE VENTILATED

As far as Australia is concerned, we certainly desire that this matter should be ventilated. It is imperative from our point of view that it should be done; I suggest it is imperative from the British point of view also. We are all very anxious to promote an ever-increasing trade, and there are schemes which have been advanced for financial co-operation by the British Government in development schemes carried out in Australia, but an increase in trade or that co-operation in regard to financing schemes will all involve the transfer of very large sums of money between Australia and Great Britain, and we must not find ourselves at a later date in the embarrassing situation of having evolved great schemes which are admirable in their conception and perfectly sound, but not being able to carry them into effect because we have overlooked the difficulties which the exchange position might create.

SALUTARY ACTION OF AUSTRALIAN BANKS IN 1921

There is one other point that I think I should state, in fairness in regard to the banks in Australia. I have many complaints against them, many and bitter complaints, which I have voiced on many occasions and probably will voice again in the future, but in regard to the particular period in which I have referred in 1921, when credit facilities in Britain were very difficult to obtain and remittances were nearly impossible, there is no doubt that the action that the banks took at that time saved Australia from finding herself in a very serious position. We enjoyed a period of very great prosperity during the war. There had been an inclination just when the war was over for people to indulge in very serious over-trading, and it was the vision of the banks which saw where this was leading us to, and the action they took in seriously restricting credit in Australia, which helped to save us from the effects of that over-trading position. Very serious losses were suffered, but we were enabled to get out of the situation we found ourselves in whilst there was still a very substantial purchasing power in the people, and we avoided the situation which arose here, which had the most serious and almost paralyzing results in regard to British industry. I think it is only fair to quote that, as illustrating that the work the banks are doing is quite valuable, while in no way departing from the very clear attitude one must take up that in regard to this particular matter the banks certainly are not doing all that they might to facilitate transfers between Great Britain and Australia and between Australia and Great Britain, and particularly they are certainly open to very grave criticisms for the rates which they are charging for the difference between the buying and selling prices of money. That is all I want to say at this particular stage.

TREASURY AGREE AS TO EXISTENCE OF DIFFICULTIES

Colonel GUINNESS: I should like to say at once that the Treasury are in full accord with the proposal that this matter should be discussed by a committee. A great deal of consideration has been given to it since Mr. Darling's Scheme was first brought forward, and the British Treasury are quite in agreement with what has fallen from both Sir James Allen and Mr. Bruce as to the serious impediment that is now involved in Imperial trade by the difficulties of remitting money and the fluctuations in sterling exchange. I am sure that it is much better to remit a subject of that kind, which is very technical, to an expert Committee, rather than to attempt to deal with it at a Conference of this description.

BOTH HOLD THAT DARLING SCHEME IS NO REMEDY

Both Sir James Allen and Mr. Bruce referred, in the many specific recommendations which they put forward, to Mr. Darling's scheme. If we are going to have a Committee, it is certainly not necessary for us to discuss it in detail; but as we have got to decide what directions to give to the Committee, I think it is just as well to summarize in two or three sentences the difficulties which the Treasury would urge against that scheme; and therefore there is a strong reason, if you set up a Committee, not to limit them to the Darling scheme, but to focus their attention on the real evils, and see if they cannot find an effective cure. The Treasury view is that the Darling scheme is a much greater disturbance, even if it were found to be practicable, than is necessary. There would be no need for such a scheme if sterling regained its gold parity, and since this scheme has been put forward the South African premium has dropped from 8 to 1½ per cent. It looks as if matters were curing themselves in that respect, and that it is not justifiable to cause such a cataclysm in our financial policy.

IMPOSSIBLE TO CONTROL CURRENCY WITHOUT CONTROL OF CREDIT

We do not believe that the scheme will be effective, because control of currency cannot operate satisfactorily unless, at the same time, you have control of credit. Mr. Darling apparently recognizes that it would be impossible for self-governing communities to allow interference in their credit arrangements and finance and does not put forward that proposal, but we believe that caution on his part really renders the scheme nugatory. If we are to have this joint guarantee, we inevitably should have to have joint control and a great deal of interference which would be liable to cause friction between the various guarantors.

As so much stress has been laid this morning on the disability from which trade suffers owing to high bank charges and exchange operations, I would point out what is developed in the Treasury Memorandum, that in our opinion this would not be cured by the issue of Empire Currency Bills, because these Bills would be held by the banks, just as Sir James Allen has told us the drafts were in the hands of the banks, and the trader would no more go outside the ring and deal in these Bills himself than he goes in for exchange direct at the present time.

Mention has been made of Sir James Cooper's scheme, and I would say that that appears to coincide very closely in principle with what the British Treasury has put forward. The fact that these schemes have been elaborated shows that there is an urgent need for consideration of these two inter-related problems; the fluctuations in sterling exchange, and the high rates on exchange operations. If you cure the first (the fluctuations in exchange) you will largely decrease the second which is partly due to the need for a large return to compensate for risks taken in what is very speculative business under present conditions. If stabilization does not cure this trouble and if it is found on inquiry and experience that it is due to a "ring" in the control of exchange markets, it could be dealt with by a central bank taking steps to deal with such a "ring."

TREASURY WELCOMES PROPOSAL TO SET UP A COMMITTEE

Therefore, we welcome the proposal of a Committee, and I would suggest that it be a Committee of experts, and that not only Australia and New Zealand and the British Treasury, but all parts of the Empire should be represented on it, because we believe that certain Dominions have had experience in this

respect which would be very useful to the other Dominions. We here, of course, have not got quite the same problems. In the Dominions the bank rate system does not exist, and there is not a free enough market in bills to allow of rediscounting to the extent that takes place here. We believe that the South African and Indian experience of central banking might probably be very fruitful if put before the Committee.

THE TERMS OF REFERENCE

I would suggest that if this Committee is set up we limit it to certain specific points. In the present state of public anxiety and uncertainty as to matters of currency it would, for domestic reasons, be very inadvisable for the public to imagine that the whole bases of our currency system were being thrown into the melting pot.

CANADA NOT PARTICULARLY AFFECTED

Mr. MACKENZIE KING: I presume that this subject is primarily of interest to those parts of the Empire with sterling currency. I do not think it affects Canada particularly. Our exchange transactions are made primarily in relation to New York, and bankers, I think, hold the view that it would not be practicable to consider any other basis at the time. I should assume that under the circumstances it will hardly be necessary for Canada to be represented on this Committee. The Memorandum prepared by the Treasury sets forth our position, I think, with accuracy.

A NEW ZEALAND COMPLAINT

Mr. MASSEY: I would just like to add a word. I may say that this has arisen out of the fact that I have had a number of complaints, principally from New Zealand, with regard to the rate of exchange, but even since I came to London I have received complaints with regard to the same thing. Let me quote a letter which I have received from a gentleman in London. He says:—

> "The matter of exchange payable between New Zealand and Britain is also of great moment to the meat trade. I understand that the present rate charged by the New Zealand banks is $2\frac{1}{8}$ for a thirty days draft on London, and you will appreciate what this means when I state that this practically means a farthing per pound on lamb at its present price, that is to say, the exchange is costing the exporters of meat 10d. for every 40-pound lamb."

I do not know whether this applies all round, but if it does it is a very serious thing. It is only right to say that it has been indicated by the banks that they propose to make a slight reduction in November, and I hope that will be the case. If the inquiry has no other effect, I believe it will have the effect of reducing the rate of exchange. My correspondent goes on:—

> "This rate is, of course, considerably higher than pre-war. From memory, I think the pre-war rate was under 1 per cent, so there is a great opportunity to reduce the cost to the producer if we can get the rate of exchange down to normal."

It is only right to admit that this cuts both ways to a certain extent. It was my duty, two or three months ago, to authorize the transfer of half-a-million from New Zealand to London, and instead of having to pay exchange, we received one-half per cent by way of premium on the transaction. But,

with regard to the charge the other way, according to my friend, that is 2½ for a thirty days draft on London. I do not want to go over the same ground that has been covered by Sir James Allen, but I do hope that something satisfactory will result from the inquiry.

As representing the New Zealand Government, I am able to look at it from the point of view of a banker as well, because the New Zealand Government owns a third of the Bank of New Zealand, and a third of the profits is credited to us. Nevertheless, I want the rate of exchange—and the rate of interest too, for that matter, though we have nothing to do with that at present—to be as low as it is possible to arrange.

Mr. BURTON: Mr. Chairman, South Africa, as the greatest gold producing country in the world, is, of course, vitally interested in the whole of this question on its larger side; but in what I am going to say I propose to look at it from a much wider point of view than that of South Africa alone.

TWO REMEDIES FOR EXCHANGE DIFFICULTIES

(1) *Return to Gold Standard.*

As to the second point for consideration, namely, this matter of the bank rates, I see no objection at all to the Committee inquiring into that, although, as far as we are concerned, it seems to us there are only two real remedies for these difficulties. One would act automatically if you got back to gold. You agree that that would dispose of your trouble, because the banks could not then charge the Dominion importer more than it would cost him to ship gold to the United Kingdom, or the Dominion exporter more than it would cost him to import the gold from the United Kingdom. Unfortunately, that is not possible at the present moment.

(2) *Establishment of Central Reserve Banks.*

The second substantial remedy, which I think is foreshadowed in the Treasury Memorandum, is for the Dominions to establish central reserve banks. We have had experience of that, and, although in South Africa owing to the Central Reserve Bank not having operated effectively for more than about eighteen months, we have not settled this thing to our satisfaction by any manner of means; still, the situation with us is materially better than it is in either Australia or New Zealand. The charge in the case of South Africa is ⅞ per cent. The banks charge the South African exporter 1½ per cent. for cabling his sterling currency to South Africa, and give the South African importer ⅝ per cent. for cabling his South African currency to London. There can be no doubt that, having regard to the remoteness of the possibility of loss to the bank, the charge is certainly high, even in South Africa, but it is very much lower than the charge levied by the Australian and New Zealand Banks for the same services, for in their case it is 1½ per cent, and I was interested to hear Mr Bruce say he had grave complaints against the Australian banks. One wonders why the Australian State Bank is allowed to associate itself with other commercial banks in exploiting the community in this way, because it does so. The Treasury Memorandum points out that the Commonwealth Bank in Australia, under the powers that it possesses to-day, could do a material service in improving this state of affairs, if it would only use the powers that it has, but so far, apparently those powers have not been used. However, although I doubt whether we shall get, except by means of the two methods I have mentioned, namely, an actual return to the gold standard, or the establishment of central banks, any practical remedy for this difficulty at the moment, I do not object at all to the enquiry which I understand the Treasury would like to have made.

THE DARLING SCHEME DEAD AS FAR AS SOUTH AFRICA CONCERNED

Well now, on the second matter, which is a much larger one, let me say at once that South Africa is not prepared even to consider and examine Mr. Darling's scheme further than it has done already. I will not object to the Committee going into the matter; it may have a useful result in flogging what seems to me to be a dead horse already, so I will not object to that, but I only want to say quite candidly, that, whatever anybody else may do, we certainly shall not adopt Mr. Darling's scheme. It is hardly necessary for me to add to what has been said already on behalf of the Treasury. The crucial difficulty of the scheme has been pointed out, namely, that it provides machinery for creating currency without, at the same time, creating any machinery for controlling credit. These two functions must be closely co-ordinated if you are ever to make the thing a success. To my mind it is impossible—I do not care how many committees you set up—it is impossible to devise any scheme for controlling credit throughout any four self-governing countries, and that is why I am sure this scheme for Empire Currency must fail.

SOUTH AFRICA'S INTEREST IN THE GOLD STANDARD

The adoption of the scheme would involve in the participating country new currency legislation, and it would involve a complete abrogation of the gold standard, which would be the result of course, because you would convert your notes simply into these Currency Bills. Well, as you can imagine, it is impossible that South Africa in its unique position as the greatest gold-producing country should abandon the gold standard. May I say it is equally unthinkable that Great Britain would do so? We have heard so much about inflation here in recent years, talk about inflation by gentlemen who are supposed to be financial experts, and this talk has naturally—perhaps you do not know to what extent—disturbed the minds of people in the Dominions very substantially, because it has made them fear that it was possible that Britain's attitude with regard to sound finance was in danger of being weakened. Well, to us in the Dominions, Britain's action in this matter is of vital importance. The lead that she gives would probably be followed in most of the Dominions; at all events she necessarily leads in all these things, and her adherence to sound financial policy in face of the enormous difficulties which have beset her and are still besetting her now has not only maintained her prestige in the world at large but has been our main rock of salvation. It has been our main hope of stability and steadiness in a world of financial chaos to-day, so that we were, if I may say so, all of us, very pleased indeed to observe in this morning's paper what I never for a single moment doubted, but what all this wild talk about inflation began to make some of us a little nervous about, I mean the announcement made on behalf of the British Government by the Prime Minister in his speech last night which we heartily welcome.

SOUND FINANCE THE ONLY CURE

All attempts to get out of your difficulties by means of that sort, or by means like Mr. Darling's scheme—these things are all dodging the issue. It is the old story of the ostrich sticking his head in the sand. You cannot do it that way. There is only one plain road, that is to stick to the sound policy which, so far, this country has followed, and which we in South Africa hope she will adhere to in the future. That is our policy. We have laid down our belief in the gold basis. Our law is found upon an adherence to that, and the expressed intention of the Government to work towards the restoration of the gold standard at as early a time as is possible.

Well now, let me just say this further, that the currencies—I am not sure that that was put quite clearly, or that it entered as fully as it should into the proposals of the Treasury—that the Dominion currencies usually stand at a premium above sterling, because their exports, as a general rule, recently anyhow, have exceeded their imports. This position may be due to some extent to other causes, but that is the main thing. The reverse has happened occasionally, *i.e.*, our imports have exceeded our exports, but the normal position is the other way, and that is the position to-day. If you could restore the gold standard in the United Kingdom and in the Dominions, the trouble arising in this respect would, of course, disappear entirely, as I have said.

SOUTH AFRICA'S CURRENCY POLICY

Now, may I just say a word with regard to the measures taken in South Africa in these matters? We passed legislation in 1920 establishing a central bank, and also making certain provision to enable us to get over our temporary difficulties in respect of the gold standard. We postponed the free gold market there for three years. We have had now, this year, to postpone it for another two. But South Africa is not disposed to postpone that longer than she can help. Her attitude is this. She feels, on account of her trade connections—you can put it roughly both ways, exports and imports about 70 per cent of our trade is done with the United Kingdom; it is done here with Britain, and we realise, being the much smaller country that we are in these matters, that our wisest course is to follow sterling, to stick to sterling for the present. We propose to stick to sterling so long as the British policy is a gradual approximation towards the restoration of the gold standard, but we certainly should not stick to sterling if there were a change of policy in this respect.

THE SOUTH AFRICAN RESERVE BANK

We passed legislation in 1920 to establish a Reserve Bank with the sole right of issuing notes. It was practically precluded from doing ordinary commercial business and it was not subject to Government control. That bank was brought into existence in 1921 and it has been operating effectively as I said for about eighteen months now. It may be of interest I think—the matter is mentioned in your Memorandum—to note that we have provided for the use of British Treasury Bills to a limited extent as part of our Reserve Bank Note backing, but that measure is a purely temporary one. It was adopted in order to get us over the difficulty created by a comparative failure of the supply of commercial bills, which, in the original Act together with gold, were the only backing. In our first Act, the backing for bank notes was confined to gold, 40 per cent I think it was, and 60 per cent of commercial bills. In our country the system of commercial bills had not, up to then been much adopted; they used the system of overdrafts. The use of these bills is increasing though the use of them has not been as great as we would have liked to see, or as much as was contemplated when the Act was passed. So that I have provided an additional form of backing in the use of these Treasury Bills, but that is a purely temporary thing and I am sure will not be favoured when the time allowed for its use has departed.

Now I do not want to detain you unnecessarily about this matter. Our root policy in South Africa is a firm belief in the gold standard as the only proper foundation for currency in this civilized world to-day. Our policy is to move towards that as rapidly as our circumstances allow us. That we adhere to. We rejoice in the statement which has just been made on behalf of your

Government and we were pleased at the adoption of the report of the Cunliffe Committee some time ago which no doubt, after what has been stated, it is clear the Government here intends to adhere to. That is our position. We are not going to consider for a single moment the adoption of any such scheme as that of Mr. Darling for the reasons I have given you. But I am quite prepared to agree to the proposal that has been made that we should have a Committee to examine the matter from all points of view. I do not object to the examination of Mr. Darling's scheme; I only want you to understand from the start that I regard it as a dead horse. It is out of consideration so far as we are concerned.

Short of that, by all means let us discuss these other points which have cropped up, such as the bank rate. The bank rate is a substantial business difficulty; and we feel it in South Africa, not so much as the others do, but quite materially. I would be quite glad for the Committee to consider that and see whether there is a way out. If there is a substantial and practical way out I would welcome it, but I do hope this Committee is not going to be given such wide scope in the matter that they will be sitting here for months after the Imperial Economic Conference has dissolved. You must see to that. The work that has to be done must be done within a reasonable time so that it may be brought back to us and we can consider it.

Mr. RIORDAN: I cannot contribute anything of value to the discussion, Mr. President, but I shall arrange that a representative of our Ministry of Finance will be over here for the Committee work.

Sir PATRICK MCGRATH: Our position is identical with Canada's. Our banking is done by branches of the Canadian banks. We are not interested in the matter.

Mr. INNES: I have very little to say. Mr. Darling, I see, specifically excludes India from his scheme. Had he not taken that precaution then I should have said at once that the Government of India are not inclined to favour that scheme. I quite agree that the whole subject should be explored in all its bearings, and if it is decided to refer it to a Committee we shall be happy to place any experience we have in these matters at the disposal of that Committee.

Mr. ORMSBY-GORE: I consulted my advisory Committee yesterday afternoon and I was informed by some of the merchants there represented that they have certain points in connection with the bank rate of exchange to bring up, and therefore on that issue I think we should be represented.

The CHAIRMAN: Do you want to be represented on the Committee or be able to lay points before them.

Mr. ORMSBY-GORE: Both.

The CHAIRMAN: I forsee a large Committee. It may be that we should want both—I am speaking rather as Board of Trade—that, you and I could agree. I think it is essential to have on that Committee some of the people who are experiencing the difficulties at this end. I should like, for instance, to consult with the Association of Chambers of Commerce and the Federation of British Industries and see if we could get one person or two from them. Those are the kind of people I want to see on that Committee, the people who are meeting with the practical difficulties, and very likely their difficulties and your people's difficulties are the same and we might be able to agree on personnel.

STABILITY OF STERLING THE MAIN INTEREST OF THE COLONIES

Mr. ORMSBY-GORE: Yes. As the policy of recent years has been to link the issues of the various Currency Boards, West African, East African, the Straits, etc., to sterling, the great interest of the Colonies and Protectorates is

the stability of sterling, and that is to our minds intimately bound up with the maintenance of the idea of the gold standard, and really from the point of view of the Colonies and Protectorates I should like to endorse everything Mr. Burton has just said.

Mr. AMERY: I only want to add just a word or two on that. I do not propose to discuss Mr. Darling's scheme. It is a very ambitious scheme. The only thing I would say about it is, that the results of many years study by a practical banker of his experience cannot be an altogether visionary scheme, and I have no doubt Mr. Darling will have his own answer to some of the criticisms suggested

DIFFICULTY NOT INSUPERABLE. SOME INSTANCES FROM THE COLONIES

I would like to say in confirmation of what Mr. Ormsby-Gore said, that whether the problem is soluble on a comprehensive scale or not, certainly as between any two parts of the Empire it can be solved. In the sphere of the Colonial Office it has been solved in a number of ways in a number of different instances. Mr. Ormsby-Gore referred to East and West Africa. In both those cases the exchange has been kept absolutely level to the great advantage of trade and commerce, by Currency Boards composed partly of Government and partly of bank representatives. A similar institution keeps the sterling exchange absolutely level with the dollar currency of the Straits Settlements and Malay Federated States. There are other ways. At one time, before the creation of the East Indian Currency Board when the rupee was threatening suddenly to soar to a point which would have ruined all the planters in East Africa, an Order in Council making English currency notes legal tender at a certain rate was passed which kept the exchange level though in fact I think no notes actually flowed out. And again, in the case of certain Protectorates like Nyasaland and Northern Rhodesia, which are politically separate from the Union of South Africa, the fact that they allow their currency to be managed by the same banks as those operating in the Union keeps their currency quite stable. The same, Sir P. McGrath has just told us, applies as between Newfoundland and Canada. I only mention these facts showing that in one way our difficulty is not an insuperable one; it can be overcome.

The only other thing I should like to say is with reference to what Mr. Burton said. Of course we have a tremendous interest in getting back to parity with gold, not only on general financial grounds, but owing to the fact that we have immense debt payments to make to the United States in gold. But that very fact adds to our difficulties; the fact that we have very heavy payments to make to the United States tends to set the exchange against us.

STABILITY OF STERLING WITHIN THE EMPIRE AN ESSENTIAL STEP TOWARDS GOLD PARITY

Now Mr. Ormsby-Gore hinted at what I believe is very fundamental to this whole problem, that is, the wider we can get the stability of exchange within the Empire, the easier it will be for us to work back to gold parity with the United States, and therefore also the easier to get back to parity with Canada, the absence of which is paralysing all British investment in Canada at the present moment. While I agree very largely with Mr. Burton, I regard all proposals which get sterling stability extended as wide as possible over the Empire not as an alternative to getting back the gold standard, but as an essential step to accelerate the process of getting back the parity between sterling and gold, and therefore helping us with the payment of our great American debt.

Mr. MASSEY: I would just like to say, in order to clear up one point that has been raised, that we are not in any way tied to Mr. Darling's scheme or any other scheme. If we can get a better scheme than Mr. Darling's we shall adopt it, and there is no attempt in the proposal that has been put forward to interfere in any way with the gold standard. That is not in my mind and is not in the mind of my colleague who has taken a very active part in this matter.

After some discussion as regards the constitution and terms of reference of the suggested Committee (in the course of which Mr. Mackenzie King said "We are perfectly agreeable to being represented if so desired, but we do not feel that we have the same interest in this qustion as certain other parts of the Empire have"), it was agreed that a Committee should be set up "to consider the difficulties which have arisen in regard to exchange between certain parts of the Empire, and between such parts and the United Kingdom, including the bank charges on exchange transactions, and to recommend what practical means can be taken to deal with them."

This Committee (the Committee on Inter-Imperial Exchanges) reported to the Conference on the 6th November, 1923, and their Report is printed on page 478. The discussion was resumed by the Conference at their Twenty-second Meeting held on the 8th November, 1923, when Sir Charles Addis, who had acted as Chairman of the Committee, attended and made the following statement:—

STATEMENT BY CHAIRMAN OF COMMITTEE

Sir CHARLES ADDIS: I have the honour to submit the resolutions which have been passed with unanimity by the Committee on inter-Imperial Exchanges. It will be remembered that by the terms of our reference we were limited to the consideration of the difficulties which have arisen with regard to the exchange in certain parts of the Empire, and the suggestions which we submit to you it will be understood are not directly applicable, or perhaps even of practical application, to those parts of the Empire such as India or Canada, where these difficulties do not exist.

THE QUESTION OF BANK CHARGES

The charges, that is to say, the differences made by the banks between buying and selling sterling, came under the consideration of the Committee, and we had the opportunity of discussing them with the managers of the banks in the Dominions concerned. It was explained to us that the nominal rates quoted were in practice materially reduced by concessions customarily made. It was further explained that those charges in addition to such elements as insurance against risk included various services rendered by the banks and otherwise unrequited. There was, for example, the action taken by the banks to prevent undue fluctuations in exchange caused by differences in seasonal demands; the expense incurred by the accumulation of bank balances, alternately at home and alternately in the Dominions, arising out of these seasonal demands; and the advantage given to the merchant in enabling him through the relative stability of exchange to enter more fully than he otherwise could have done into contracts for forward delivery. In this way it was explained the operations of commerce and exchange were facilitated by the banks.

I think it fair to the banker to state the arguments which they put before us, but I have to say that the Committee, having considered them, are of opinion that in some cases these charges are still unduly high, and that they might be reduced. The Committee are also of opinion that, if the suggestions which they have submitted to you for the stabilization of exchange are put into force, they will undoubtedly, other things being equal, be of great assistance to the bankers in enabling them to reduce their charges.

RETURN TO GOLD STANDARD THE REMEDY

With regard to the general difficulties of exchange, the Committee are satisfied that, for the most part, they find their origin in the suspension of the gold standard, and that a remedy will be provided automatically as soon as that standard is effectively restored. In their judgment, therefore, it is highly desirable, in the interests of all parts of the Empire, that the policy should be steadily pursued of a return to an effective gold standard.

THE DARLING SCHEME

They have also considered schemes which have been put forward—interim schemes, temporary schemes—for bridging over the period between now and the removal of the existing difficulties on the resumption of the gold standard. In particular, they have had the advantage of a personal exposition by Mr. Darling, of his well-known scheme. It is not, he assures us, in any way intended by his plan to abrogate the gold standard. He agrees that his scheme would be subject to revision and alteration, if the gold standard were restored. There is a further similarity between his scheme and those measures which we have suggested for your adoption, in so far as he also contemplates the creation of a central bank, one of whose functions would be the management of a sterling exchange standard.

The Committee, however, are satisfied that it is perfectly possible to achieve the same or at least similar results to those contemplated in the Darling and in other schemes, by utilizing and extending the existing machinery of banking and credit, without having resort to the creation of a new instrument of Imperial credit with the various constitutional and financial difficulties to which that might give rise.

NEITHER NECESSARY NOR DESIRABLE

It is considerations like those which have led the Committee, after careful consideration, to say that they are unable to recommend as either necessary or desirable the adoption of Mr. Darling's scheme.

SUGGESTED REMEDIES

(a) *Action by Dominion Note-Issuing Authorities.*

They suggest that if the note-issuing authorities in the various Dominions were to undertake operations in sterling exchange, it would go far to provide a remedy for the difficulties referred to. It is scarcely necessary to add that the more closely those operations are kept to the parity or the fractional parity of exchange, the more effective the remedy is likely to be. The measures advocated by the Committee could be undertaken without making any change in the existing machinery, beyond that to which I have referred.

(b) *Creation of Central Banks.*

They would, however, be materially accelerated and assisted by the formation of a central bank in those Dominions where such an institution does not already exist. With the accumulation of an adequate sterling reserve in this country, it would be comparatively easy for such an institution to keep exchange closely to par, by undertaking to buy and to sell sterling either to the banks or to the public, or to both.

The Committee believe that some such action as has been suggested if taken by note-issuing authorities in co-operation with central banks, would effectively meet the difficulties which formed the subject of their examination.

I think it right to add that we have had to contend, as you will understand, with the difficulty of time. We have only had a week in which to report. It was not possible in these circumstances to hold a protracted enquiry, or to call the numerous witnesses who, no doubt, might have assisted us with their expert evidence.

The more the Committee went into the subject, however, the more they were convinced that, even if time had admitted, it was better to limit their functions to making suggestions of a general character, which should not be binding on those who accept them, but which might be used as a "taking-off" place for such of the Dominoins as might decide to follow up the suggestions by an enquiry, which, in consideration of the varying conditions involved, could probably be conducted to very much greater advantage on the spot. For these reasons we have confined ourselves to the suggestions put forward in the resolutions which have been circulated, and as chairman of the Committee I beg respectfully to recommend them for your adoption.

DISCUSSION

CANADA NOT DIRECTLY AFFECTED

Mr. GRAHAM: I am very much interested in the remarks to which we have just listened. This very intricate question has been placed before us with such terseness and clarity that even such a dry subject has been made interesting. As has been stated, Canada is not directly affected. I would just like to point out this, that we have a gentleman in Canada, well known in London, who has produced or is producing a treatise on this question of currency, but it is so involved that I would not care to attempt to place any of his contentions before the Conference. I think I am safe in saying, however, that he takes the opposite view to that expressed this morning, and a warning is hereby given that at the next meeting of this Conference that method will probably be placed before the Conference for consideration.

The CHAIRMAN: Not necessarily endorsed by Canada, I presume?

SOUNDNESS OF CANADIAN FINANCIAL INSTITUTIONS

Mr. GRAHAM: Not up to date. Would it be out of place if I take a moment or two to call attention to a situation that sometimes is magnified by the Press? I want to assure this Conference that there is no doubt as to the stability of the financial institutions of Canada. The fact that one bank has recently collapsed on account of very, very bad business management is not any indication that the system under which our banks operate is not a good one. I will not detain the Conference, but I thought this was a good opportunity to assure the financial world of London that the Canadian banks and our financial institutions are on a sound and solid foundation. Any failures that take place, take place on account of bad management.

REPORT BASED ON ASSUMPTION OF EARLY RESTORATION OF GOLD STANDARD

Mr. BRUCE: Sir Philip, the first resolution in the Committee's Report deals with the restoration of the gold standard, and I think most of us will agree that if the gold standard were restored it would go a long way to solve many of the difficulties that are arising to-day. But what I would really like to know is whether that resolution is in as an indication that the Committee's view, after going into the matter, is that there is a reasonable prospect on an Empire basis

of the gold standard being restored, or is this first resolution merely a statement of the opinion that if such a thing were possible, then it probably would solve the problems we are faced with? I should imagine that its being put there indicates that the view generally taken was that the possibility of the restoration of the gold standard is one which was contemplated as being possible of accomplishment. Could I ask it by way of a question?

Sir CHARLES ADDIS: That is so. It is based on the assumption of an early restoration.

Mr. BRUCE: That being the position, I think that the second resolution that they have arrived at is almost the only course that they could take. If the restoration of the gold standard was recognized to be an impossibility, or that it could only be brought about after a very long lapse of time, or even if the Committee had come to the conclusion that the restoration of the gold standard was not desirable—I do not for one second want to be understood to take that view myself, as personally I am very convinced that the restoration of the gold standard is a thing we should all be working towards—then I think the question would have to be faced of finding some other method of providing for our exchange arrangements in the future and their adjustment. If, however, we are going to get back to a gold standard I personally agree that it is not desirable, nor is the position so acute that we have got to take some action the result of which must be fraught with very grave doubts from whatever standpoint it is considered. Certainly it could not be undertaken nor could any scheme be put into operation before there was the fullest and the closest enquiry in the different countries concerned. Personally I think that the giving effect to a scheme such as Mr. Darling's would possibly involve a complete revolution of the whole of our banking system in Australia. That view may or may not be correct, but certainly, as that possibility is involved, you would need to have an examination on the spot and the fullest possible enquiry to determine what the effect of any action you might take would be. I think there was no other conclusion that the Committee could have come to than the one embodied in the second resolution.

In regard to the third resolution (*c*), the Committee, after an examination of the position, have laid down that the bank charges for buying and selling sterling appear to be unduly high. I do not want to comment upon that finding. I stated it as my view when we were dealing with this matter before. In regard to (*a*) and (*b*) I am afraid I can make no comment at all. They involve questions of high policy for any Government and I, having in my own Parliament indicated that we were contemplating placing our Commonwealth Bank under a Board, and there having been many rumours as to what our intention was, and exactly on what basis we were going to operate what is our National Bank in the future, I think any comments by me upon those two proposals would be a little dangerous.

VALUE OF COMMITTEE'S WORK

Mr. MASSEY: I should just like to say, Sir Philip, I quite realize that there were difficulties in the way of the Committee doing as much as was expected from them at first. The time limit, of course, was the real trouble. We know it was quite impossible for the Committee to go into a completely exhautive enquiry of the whole subject. I understand that and accept it: but as one of the movers in this connection I want to say I am very strongly of the opinion that what has been done has been well worth doing. I was particularly pleased with the very valuable information given to us by Sir Charles Addis when he was speaking a short time ago, especially his statement that it

was likely that the gold standard would be restored at no distant date; that is very valuable information for most people throughout the Empire. Of course, the difficulty lately appears to have been that there was not sufficient gold within the Empire as to enable it to be utilized for the purposes of shipment and stablizing the exchanges. Let us hope that that difficulty will be got over because I think that is the best thing that can possibly happen, I know there are many bankers who are not anxious to restore the gold standard, because when the gold standard is restored it is going to interfere seriously with the profits they have been making.

ACTION PROPOSED BY NEW ZEALAND

So far as the other points are concerned I propose on behalf of New Zealand to comply with sub-clauses (*a*) and (*b*) of clause 3 by getting a conference of the principal bankers of my country to ascertain what can be done, and I shall have no difficulty in doing that because I have had to convene them on several occasions, and I have always found them quite willing to come and discuss matters with the Treasury and with myself. I am very glad to see that admission in sub-clause (*c*) where it is stated that in some cases the bank charges for buying and selling sterling are unduly high and should be capable of reduction. That is exactly our case. There it is in a nutshell.

As I mentioned at an early stage when the Committee was being set up I am able to look at both sides of the question because, although the Bank of New Zealand is not a State Bank, the State has a large interest in the Bank of New Zealand. I do not know exactly what the State would sell for, but at the rate at which bank shares, even new shares are selling, I know that our interest in the Bank is very large.

QUESTION MIGHT BE REFERRED TO ECONOMIC COMMITTEE

Then there is another point regarding the Committee which it is proposed to set up. I do not think we have got to the last stage in connection with that. I refer to the Committee which it is proposed to set up to carry on from one session to another the work of the Economic Conference. It might be well to arrive at an understanding so that if need be the matter which has just been reported upon from the Exchanges Committee, might be referred to the new Committee which it is proposed to set up.

The CHAIRMAN: I think that could very well be done. Supposing for instance that (*c*) did not produce the desired result, the reduction of bank charges, it would be a very good thing to lay it before that Committee again.

SOUTH AFRICA WELCOMES THE REPORT

Mr. BURTON: After what I said on this subject the other day, Mr. Chairman, you will not be surprised to hear me say to-day that I welcome the Report of this Committee, in spite of the fact that owing to restrictions of time they have not been able to hear as many witnesses as they might otherwise have done. If Sir Charles Addis will allow me to say so I entirely accept his decision, and that of the Committee, that it was really unnecessary to go on hearing crowds of witnesses when they had a perfectly clear conviction in their minds as to what the situation really was. I welcome the Report. I am glad to see what is said by the Committee about Mr. Darling's scheme, which has been bruited about so much. There are always schemes of this sort when people are in difficulties about their affairs, and there are always other people who will tell them how to get out of those difficulties without having to pay their debts.

EARLY RETURN TO GOLD STANDARD THE ONLY SOLUTION

I should have liked, I confess, to see a definite resolution in terms of the statement which Sir Charles Addis has made to us to-day of the desirability of aiming steadily at a return to the gold standard. That is not in the resolutions; but I welcome that statement as coming from him, and I am not going to reject the Report because of the absence of such a resolution, nor propose any further modification of it. I must add, that I was rather horrified to hear a suggestion made by some of my colleagues that it was quite possible we should never return to the gold standard at all. My feeling about that (and apparently it is the feeling of the Committee and of Sir Charles), is that the only question about our return to the gold standard is a question of time. It is simply a question of how soon you are going to do it. I am very glad indeed to hear from him this morning that his view, and I take it the view of the Committee, is that an early return is quite possible. We look to that, and from our standpoint certainly in South Africa, we regard that as offering the only real hope of a solution of our troubles. These other things are all of a more or less futile and deceptive character. The only way in which you are going to get rid of your troubles is by working steadily back to gold, and endeavouring to get there as soon as possible.

Mr. RIORDAN: We too, accept the report.

Sir PATRICK MCGRATH: We are not interested.

Mr. DADIBA DALAL: As Sir Charles Addis has said that these resolutions of the Inter-Imperial Exchanges Committee do not apply to India, we have nothing further to say.

Sir JAMES STEVENSON: We were members of the Committee and we endorse them.

The CHAIRMAN: There are some points I should like to put to Sir Charles on this Report. The first is that even if it is not possible to get back to the gold standard in a comparatively short time, would the Committee still adhere to their findings in 2 and 3? I gather that that is so.

The second point I should like to put goes to (c), which, to my mind, was the most important point referred to them, because it was the immediate question on which something practical could be done. Were the Committee reasonably satisfied that, having found the bank charges, in some cases, to be excessive, there was a real prospect, now that this Committee had sat and ventilated the subject, and found that and published it, that those charges would be reduced to what is a proper and fair remuneration for the services of the banks and no more?

PROSPECT OF REDUCED BANK CHARGES

Sir CHARLES ADDIS: In reply to your first question, there is no doubt the Committee would still recommend that action should be taken under 2 and 3, even if it were supposed that the restoration of the gold standard should be indefinitely prolonged. They believe that such a course would certainly ameliorate the difficulties which have arisen with regard to exchange, both on the side of the supply of local currency, and also, I believe, on the side of reducing the bank charges. The information by the bankers was given on the condition that it was to be considered confidential, but I am sure that I am not departing from that undertaking when I say that the impression left upon the minds of myself and my colleagues at our interview with the bankers, was that steps had been taken to reduce, and would be taken to reduce still further, their bank charges, with the effect of at least making them less onerous than they are.

If resolutions 2 and 3 come into effect, that would certainly facilitate the reduction very much.

The CHAIRMAN: Then I take it the Conference will accept and endorse the Report.

(Agreed).

The CHAIRMAN: I am sure we are all extremely grateful to Sir Charles Addis for presiding over this Committee. It has been a very quick piece of work. I did not think, myself, it was possible to get so effective a piece of work done in such a short time. I am sure I am expressing the views of the whole Conference in saying how much we appreciate the time and trouble expended on this matter.

Mr. MASSEY: Will that statement of yours with regard to the work done by the Committee, and the thanks of the Conference being conveyed to them, be published?

The CHAIRMAN: I hope so.

Mr. MASSEY: I think it ought to be published.

The CHAIRMAN: Yes.

Sir CHARLES ADDIS: I am very much obliged to you.

CURRENCY CO-OPERATION IN THE BRITISH EMPIRE

MEMORANDUM PREPARED BY THE TREASURY (I.E.C.(23)—33).

I

1. Among the topics in the *Agenda* of the Empire Economic Conference, is that of Empire currency and exchange. Proposals have been made by Mr. J. F. Darling for unifying the currencies of the Empire (see Appendix I). Many features in his scheme, more especially the creation of an Imperial short-dated security to be a joint liability of Great Britain and the Dominions, and to take the place of a part of their existing debts, are, in the opinion of the Treasury, open to serious objection in theory as well as nearly insuperable difficulties in practice (see Appendix II). It is possible, however, that progress may be made in the desired direction by some less ambitious method.

2. The evils to be remedied are two: first, the divergence of the exchanges from parity; and secondly (in the cases of Australia and New Zealand and in a lesser degree in that of South Africa) excessive bank charges.

II.

3. The former is really dependent on the general problem of the stabilization of the exchanges throughout the world. It may be possible, nevertheless, to make some progress in the British Empire by itself. The currency resolutions passed at the Genoa Conference looked forward to a general return to a gold standard, and recommended: (1) the use of the machinery of a gold exchange standard; and (2) international co-operation in the regulation of credit with a view to stabilization of the purchasing power or commodity value of gold. The stabilization project cannot take effect till the gold standard is in actual operation.

On the other hand, the machinery of an exchange standard can be brought into operation without waiting for the restoration of a gold standard. The essence of an exchange standard is that the currency of one country is made convertible into the currency of another. Neither currency need necessarily be convertible into specie. The currencies of Egypt and the Straits Settlements (to

take two examples out of many) are convertible at the present time into sterling, although sterling is at a discount in comparison with gold.

4. Before the war the currencies of South Africa, Australia, and New Zealand were practically based on a similar system. Like sterling they were, it is true, gold currencies. Not only were the bank-notes in use legally and genuinely convertible into gold coin, but gold coin was itself in general circulation. But the banks carrying on business in those Dominions had ultimately to rely on the Bank of England for their reserve of cash, and accordingly they used to maintain reserves in the form of sterling bills on London or sterling credits in London, and it was especially to the state of those reserves that they had regard in regulating the accommodation they gave to trade in the Dominions. There were gold movements, because both South Africa and Australia are gold-producing countries and regularly export gold as a commodity, but it was not on gold movements that the banks relied. There was no central gold reserve in the Dominions from which the usual exports could be supplemented, and, if the banks found their sterling resources falling too low, they proceeded to restrict credit till the balance was redressed.

The gold currency in circulation was at best there in the background, ready to move if the regulation of credit failed to work.

5. Since the war the same system has been in operation, but with two important modifications. In the first place, the gold currency has dropped out, and there is no longer an automatic remedy if credit regulation does not keep the currencies at par. Secondly, the purchasing power of the pound sterling has fluctuated more violently than ever before, and has subjected the exchanges to a proportionate strain.

The result has been that the currencies of the Dominions have diverged from par. When the pound sterling was heavily depreciated in 1920, the South African pound rose to a premium which was at one time as high as 8 per cent. There followed a violent appreciation of sterling (that is to say, a fall in prices in this country) and the South African pound, unable to keep pace, fell to a discount of 5 per cent. At the same time, there was a deadlock in the Australasian exchange market because the banks had exhausted their holdings of sterling and the Australian pound likewise fell to a slight discount.

6. These disturbances were due to the temporary vagaries of sterling. The prices of commodities in Great Britain rose by one-third in a year, and then fell in one year more by one-half. To keep their currencies at par, the Dominions would have had to bring about equally violent changes in their own price levels. They were not prepared to do so, and that is why the pre-war system, by which the British and Dominion currencies were linked together, broke down.

Since 1921, both the Australian and the South African currencies have again overtaken sterling, and at the present time the Australian is practically at par (½ per cent premium), while the South African is at a premium of 1½ per cent. For South Africa to return to par would cause no disturbance worth mentioning.

But to guard against the evils of a fluctuating exchange it is not enough that the exchanges should return to par. What is wanted is some plan which will tend to keep them at par. It may be that we shall soon be in a position to re-establish the gold standard. But that is not certain, and we ought not to disregard the desirability of setting up machinery for regulating the exchanges, if the return to the gold standard is long postponed.

7. Under the present conditions, when the sterling resources of the South African or Australasian banks are inconveniently enlarged or diminished, they need not restore them (as they had to with a gold standard) by expanding or contracting credit; they have the alternative of quoting sterling at a discount or at a premium. The problem is simply to avoid resorting to this alternative.

The best method is to rely on a central bank of issue. A central bank of issue can effect the exchange in either or both of two ways. It may undertake to issue its notes against sterling and convert them back into sterling at a fixed rate, and or it may itself take measures for expanding and contracting credit as the state of the exchanges may require.

The former method, which is that of the exchange standard, is the more directly effective. So long as it is operative, the sterling resources of the banks and their cash resources in the Dominions, being convertible into one another, form a single whole. A shortage of sterling and a shortage of cash are, from their point of view, the same thing, and equally compel a contraction of credit.

But if the central bank, besides buying and selling sterling for notes, makes a practice of rediscounting for the other banks, these latter can replenish their cash by this means. If they are enabled to do so on easy terms, the contraction of credit will be avoided. The ultimate effect of excessive rediscounts will be to deplete the central bank's own sterling reserves.

Therefore, if there is a rediscounting central bank, both methods of regulating the exchanges must be followed. If, on the other hand, there is no rediscounting system, it is still possible for the authorities in charge of the note issue to follow the method of the exchange standard.

8. South Africa has recently established a central bank, the South African Reserve Bank. This is intended to be a rediscounting bank issuing notes against gold and bills. Under the original constitution of the bank as enacted in 1920, the bills were apparently intended to be inland bills, payable in South Africa, and, therefore, in South African currency, though it is not clear that bills on London were actually excluded. The demand for rediscounts has not materialized to the extent anticipated, and amending legislation has now been passed, enabling the bank to hold either British or South African Treasury Bills against its note issue. With this new power, the bank will be in a position to bring the exchange to par, if it chooses, by simply offering to buy British Treasury Bills, paying with its own notes. It can then prevent the South African pound from falling below par by offering to sell the sterling so acquired from the notes.

9. Australia has no fully fledged central bank ready to rediscount. The Commonwealth Bank, however, has, since 1920, been entrusted with the management of the Australian note issue. The note issue must be backed by at least 25 per cent of gold, and in recent years the actual proportion has been above 40 per cent. The fiduciary portion of the note issue must be invested (under the original Act of 1910):—

(*a*) On deposit in any bank; or
(*b*) In securities of the United Kingdom or of the Commonwealth or of a State.

To these the amending Act of 1920 has added:—

(*c*) In Trade Bills with a currency of not more than 120 days.

These powers should be adequate to enable the Commonwealth Bank to keep the exchange at par *if it chooses to use them.* The bank was never intended to be a rediscounting institution, nor has it acted as such up to now. But the note issue system, which it has taken over, already contained, in the power of making deposits with other banks, the germ of a rediscounting power. For these deposits resemble rediscounts in being loans of paper currency at interest to the banks, and by encouraging or discouraging them it is possible to regulate the supply of currency. Presumably the new power of investing in trade bills is intended to develop this side of the management of the note issue.

Up till the 30th June, 1922, advantage had not been taken of the power to invest in trade bills. At that time the deposits in banks yielding from 3 to 6 per cent interest amounted to £1,751,000, and the rest of the fiduciary issue,

amounting to £25,266,000, was backed entirely by Commonwealth and Australian State Government securities (including advances to a total amount of £18,000,000 made by the Commonwealth to the States at the beginning of the war). British Government securities, though covered by the statutory powers, are not held.

Thus, though the Commonwealth has power to put sterling securities (not only Government securities, but trade bills) in the Notes Account, it does not at present use that power.

10. On the other hand, it holds very large sums in sterling for the purposes of its ordinary banking business. On the 31st December, 1922, it held money at call in London to the amount of £9,210,000, besides a large amount of investments and sterling bills. The primary function of the Commonwealth Bank has been up to now to act as the banker of the Commonwealth Government. In view of the large financial operations required by the Commonwealth Government in London, the bank must needs hold large sums in sterling. When the Commonwealth Government borrows in London, the proceeds pass into the hands of the bank; when the Commonwealth Government has to pay interest or meet other liabilities in this country, the bank must be its agent for procuring the necessary sterling funds. The bank is, therefore, quite in a position to regulate the exchange. Upon it and upon the Government together would devolve the functions which for India are discharged by the Indian Government and the India Office in regulating exchange through the medium of London balances and Council Bills.

Originally Mr. Darling recommended an exchange system based on sterling bills as a solution of the problem of intra-Imperial exchange. In putting forward his later proposal for Empire Currency Bills, he was presumably guided by a desire to avoid anything of the nature of a unilateral arrangement. He did not want to ask the Dominions to base their currencies on British currency, but thought it politically preferable to suggest a symmetrical system by which all currencies alike would be based on a single type of security which should not be British, but Imperial.

On the other hand, there are many practical reasons why the Dominions, like India, should be quite ready to include sterling assets in the backing of their note issues, as some of them already have statutory powers to do. The mere fact that so large a part of their debts has been, and will continue to be, borrowed in London, is itself a justification for giving sterling a special position. And, even apart from that, sterling in any case possesses a paramount position in the financing of trade, both inside and outside the Empire. Many foreign countries (*e.g.*, Japan) hold bills on London as part of the backing of their note issues. There is no reason to suppose that some of the Dominions would be in any way unwilling to adopt a similar plan.

11. What has been said above applies to South Africa and Australasia, but the case of Canada presents some different features. Canada has no central bank, and even her note issue system is not so easily adaptable as that of Australia to a sterling exchange standard. And the Canadian banks are more intimately related to New York than to London. They make a practice of maintaining funds in both centres, but it is on their resources in New York that they chiefly rely in regulating credit in the Dominion. Canadian currency was actually at par with the American dollar during the latter part of 1922, and, though it is now 2 per cent below par, it is at a premium of 4½ per cent over sterling.

It may be that Canada would prefer to remain outside a British Empire currency system till the gold standard is restored. But that need not stand in the way of the initiation of an arrangement with the other Dominions.

12. India cannot enter such a system till a new parity has been adopted for the rupee. The breakdown of the exchange standard, that began in 1917

and culminated in 1920, was due, like the exchange difficulties of South Africa and Australia, to the extravagent fluctuations in the purchasing power of the pound sterling. Up to February, 1920, when the rupee, according to the foreign exchange market, appeared to be appreciating, it was really depreciating, only it failed to depreciate as fast as the pound. Thereafter, it appeared to be depreciating, but in reality it simply remained stationary while the pound appreciated.

Stabilization of prices is as desirable in India as in England, and stabilization of the exchange may be expected to come presently as a by-product of this policy. Thus, except in the case of Canada, the maintenance of intra-Imperial parities of exchange is by no means a difficult problem, and need not wait for the restoration of the gold standard.

III

13. There remains the question of *bank charges* on exchange operations. This arises only in the cases of South Africa and Australasia, where the banks settle by agreement among themselves fixed rates for buying and selling exchange, whether in the form of transfers or of bills. These rates often remain unchanged for months. From the point of view of the trader, fixity is in itself a convenience, but it has from time to time involved the banks themselves in some embarrassment, in that it has led to their sterling resources either being depleted (as in the case of the Australian banks in 1920) or becoming redundant (as in the case of the South African banks in the present year).

14. The policy of fixing rates, though artificial, is not the ground of complaint. The grievance arises from the wide gap between buying and selling rates. This gap, the "turn of the market," is really the banker's commission. In a free and healthy exchange market it may be very small. For example, on the 6th July the exchange in London on Montreal was quoted at 4 67½-¾. The turn was only ¼ per cent. The buying and selling prices each differed from the middle price of 4 67⅝ by ⅛ cent, or 0 27 per mille. At the present time the South African banks in South Africa buy cables on London at 2 per cent discount and sell them at 1⅛ discount. The difference is ⅞ per cent, so that the banks' profit is 4·375 per mille.

The Australasian banks in Australia and New Zealand buy sterling cables at 98¾ and sell them at 100¼, the difference being 1½ per cent, and the bank's profit 7·5 per mille. For bills the difference between buying and selling price is less significant, because the ordinary business of a bank is rather to buy bills from traders than to sell them. The selling price is therefore of secondary importance. The buying price, which is what matters, allows for commission on the scale adopted for cables and demand drafts, and also for interest between the buying of the bill and its maturity. The rate of interest can be deduced from the difference between demand drafts and bills of 30 to 120 days.

	South Africa on London			Australia and New Zealand on London		
	Discount	Diff.	Rate per annum	Price	Diff.	Rate per annum
			Per cent			Per cent
Demand	[illegible]			[illegible]		
30 days	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 days	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
90 days	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
120 days	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

These rates were fixed in June, when trade bills were quoted in London at 3 per cent or less. The rates for bank bills were little more than 2 per cent. The rates charged by the South African and Australasian banks, *in addition to* a "turn" calculated to give them a profit of $\frac{7}{8}$ per cent and $\frac{1}{4}$ per cent respectively on every exchange transaction, certainly seem high.

15. It may be asked whether traders do in fact find themselves compelled to pay these rates. It may be that the banks in some cases make concessions to their customers, but such concessions, if they occur at all, do not seem to be so general as to make the quoted rates nominal or unreal.

There are traces of an outside market both in South African and in Australian exchange. But this outside market appears to be of an intermittent character and of inadequate scope.

It has been alleged that in the case both of South Africa and of Australasia the banks form a ring, and that traders are so completely dependent upon the goodwill of their bankers that they dare not go outside the ring to buy exchange. Otherwise, of course, it would be very easy for them to create a market by direct dealing with one another. There are only two banks in the South African market. The Australasian banks number about a score, but seem to be equally closely associated.

16. For the evils of these artificially regulated exchange markets (if it be true that they exist) it is by no means easy to suggest a remedy. Proposals like Mr. Darling's for supplying a medium of remittance in the form of a credit instrument payable equally in Great Britain and the Dominions will not solve the problem. Traders will not acquire his Empire currency bills as means of remittance, any more than they used to acquire gold as means of remittance before the war. The bills will be held only by the banks themselves. A trader who buys one and uses it to pay an overseas debt will be stepping outside the market in the same way as if he did an exchange deal with another trader.

It may be hoped that if the exchange is stabilized, by whatever method, the bankers' "turn" will be diminished. It was substantially narrower before the war than it is now. In fact, a wide "turn" is usually a sign of a speculative exchange. To a cautious banker the prospect of a gain by exchange is by no means an equivalent set-off against the risk of an equal loss. He therefore increases the gap between buying and selling prices, and so both discourages transactions and weights the scales in his own favour. In the London quotations of the collapsed currencies of Europe it is common to see a "turn" of 10 or 20 per cent.

17. If the natural improvement which will come with stabilization is not sufficient, the only further remedy that is likely to be efficacious is some kind of officially-supported competition in the exchange market.

This competition would presumably take the form of a standing offer, either by the central bank of issue or by the Government of the Dominion itself to buy and sell sterling at fixed rates. This must be an offer not merely to do exchange business with the other banks of the Dominion, but to do it with the traders themselves. Any such proposal would naturally raise far-reaching questions of the desirability of Government interference in business. These are presumably for the consideration of the Dominion Governments themselves.

APPENDIX I

Currency Co-operation in the British Empire

Mr. Darling's Scheme

Summary of the Scheme

Mr. J. F. Darling's latest proposals (there have been several) for unifying the currencies of the Empire were explained in an address to the Manchester Association of Importers and Exporters on the 4th December last.

The scheme is based upon the creation of a new Imperial short-dated security to be called Empire Currency Bills. The security would take the place of British Treasury Bills, and of a suitable portion of the debts of the Dominions. Great Britain and the Dominions would assume each a proportional share of the liability and would delegate the management of the bills to Empire Currency Bill Commissioners, representative of them all.

The bills would be at three months, and would be payable at maturity, at the option of the holder, either in London or in any of the participating Dominions. They would be issued by tender in London. But besides the bills there would be an issue of certificates payable on three months' notice from the holder, and bearing interest fractionally below the average competitive rate for the bills. The certificates would be intended to meet the convenience of overseas holders who would not want to be repeatedly renewing.

The reserves held against the note issue in Great Britain and the participating Dominions, in so far as not held in gold, would be held exclusively in Empire Currency Bills, and the total amount of the bills issued would be sufficient to provide these reserves, and in addition some hundreds of millions to be held by the banks in Great Britain and the Dominions.

The bills, being payable on maturity in London or in the Dominions at the holder's option, would have some of the characteristics of gold as a means of remittance. They would move towards any part of the Empire in which the currency tended to appreciate.

The object which the scheme professes to attain is to secure in the Empire the unifying effect which a gold standard gives, without waiting for the gold standard itself to be re-established.

It may be mentioned that it was before the war, and still is, the practice of the Australasian and South African banks to hold a portion of their assets in sterling in London, partly in the form of bank credits, partly of bills on London. These sterling resources are their reserves, and supply the banks with an index for their guidance both in controlling credit and in regulating the exchange market.

The new feature which Mr. Darling's scheme would add to the existing practice is that the Empire Currency Bills, instead of being purely sterling securities, would be available at any time to procure credit or currency in the Dominions. If for any reason (*e.g.*, inflation in Great Britain) a premium on the Dominion currencies threatened, the supply of those currencies could be increased by the export of Empire Currency Bills from Great Britain to the Dominions, and the premium would not arise. If, on the other hand, the currency of one of the Dominions threatened to fall to a discount, the banks carrying on business in that Dominion might possess, in addition to the supply of sterling coming into their hands in the ordinary course of trade, a reserve of Empire Currency Bills or Certificates, which could be sent to London and used as sterling securities.

APPENDIX II

Mr. Darling's Scheme

Criticisms

The objections which may be raised against Mr. Darling's scheme fall mainly under two heads: (1) the financial relations between the United Kingdom and the Dominions; and (2) the bearing of the scheme on the control of credit.

Under the scheme the British and Dominion Governments are to pool a large part of their national debts, and the debts so pooled, and formed into Empire Currency Bills, are to be floating debts. Mr. Darling contemplates an increase in the aggregate of floating debts, and objection might certainly be raised to any such increase. Nevertheless, a great part of his Empire Currency Bills are to be held in Currency Note reserves, and an increase in the floating debt outside those reserves is not an essential feature of the scheme.

The holders of the Empire Currency Bills would be creditors not of the British and Dominion Governments, but of the Empire Currency Bill Commissioners, who, in turn, would be creditors of the various Governments. Each Government would be liable for a specified proportion of the capital and interest of each bill. So long as the bills were kept outstanding, and no reduction was made in their total amount, the capital liability would not require to be met. On the other hand, the liability for interest, in the form of discount on the bills issued week by week, would accrue continuously. In the event of a default on the part of any one of the participating Governments, there would be a deficiency, which the Commissioners would be unable to meet from their own resources.

It is quite obvious that such a deficiency could not be allowed to remain. If a security is such that it will not be paid in full if any one of several Governments fails to meet its engagements, then the credit of the security will be worse in the banking world or money market than if it depended on one Government only. If there were to be Empire Currency Bills with the standing that Mr. Darling expects, or, indeed, with a ready market at all, there would have to be some clear and adequate provision against any deficiency arising from the default of one Government.

That provision would have to take either of two forms: (1) a mutual guarantee by the participating Governments of one another's obligations, or (2) the subscription of a capital or reserve fund.

Of these two, the second only differs from the first in that (i) the liability of any one Government is limited to the amount of its subscriptions, and (ii) the money has to be found beforehand instead of waiting till a default occurs. If the capital were merely subscribed and not actually paid up, the second difference would not arise, and, as in any case the reasons for having a guarantee tell against any limitation of the guarantee, the alternative of the subscription of a capital fund may for practical purposes be disregarded.

Thus the scheme would really necessitate a mutual guarantee. Each of the participating Governments would have to guarantee the payment of the whole issue of bills, whether presented for payment in its own territory and in its own currency, or elsewhere and in other currency.

For any of the Dominions to guarantee the whole issue (tentatively estimated by Mr Darling at £1,000 millions) would be quite unreal. It would be

unreal, not merely because the amount guaranteed would be excessive, but because the event upon which the greater part of the guarantee would be contingent, the default, that is, of the United Kingdom, would involve the financial affairs of the Dominions themselves in such confusion that their guarantees would probably become inoperative.

Virtually, therefore, the guarantee would be a guarantee by the United Kingdom of the obligations of the Dominions. This is not to be ruled out as a political impossibility merely because it would be a novelty. But such guarantees have as a matter of fact been avoided in the past for very good reasons. To refer to only one of these, it may be pointed out that the responsibility assumed would lead the British Government to examine, and even to criticize, the finances of the Dominions, and this interference would be none the less vexatious because the Dominions would be equally entitled, in virtue of their guarantee of British liabilities, to examine and criticize British finances.

This mutual guarantee is by no means the end of the financial complications between the United Kingdom and the Dominions involved in Mr. Darling's proposals. But a further elucidation of that part of the subject is best combined with an examination of the bearing of the scheme upon the control of credit.

The Empire Currency Bills would be the only security held against the paper money of the participating Governments. Mr. Darling apparently contemplates that people who want currency in any Dominion should hold bills till maturity and then present them for payment. But in practice this would not be so, for the need for additional currency in a Dominion would not correspond exactly with the maturities of the bills which the banks in the Dominion happened to hold. The banks would want to *sell* the bills for currency to the note-issuing authority.

New bills would be tendered for in London, and presumably it is not intended that note-issuing authorities should ever sell bills in the Dominions. Any bills bought by those authorities would therefore be transmitted to London and held there. Probably the note-issuing authority would buy the bills in London rather than in the Dominion, crediting the seller with currency in the Dominion by cable. For the holder would have tendered for the bill in London and would naturally keep it in London till he found that he would want to turn it into currency in the Dominion. Only the Empire Currency Certificates would be held in the Dominions. Bills held in London would be convertible immediately either into sterling or into Dominion currency. Certificates would be immediately convertible into Dominion currency, but not necessarily so into sterling. Bills would therefore in almost all cases be preferred.

Any one who possessed sterling would be able to buy Dominion currencies therewith because he could buy Empire Currency Bills (either by tender or in the market) and sell them to the Dominion concerned. One who possessed Dominion currency, however, would not so easily be able to buy sterling. He might not be able to procure Empire Currency Bills in the Dominion, because all the Dominion banks might prefer to keep their bills in London.

Mr. Darling says (pages 32-33): If the Commonwealth Bank ..... granted to the banks transfers by cable at par, issuing currency in Australia against the payment in of sterling in London, and paying out sterling in London against receipt of currency in Australia, the resources of the banks in either place would become immediately available against their liabilities in the other." That is so, *if* the Commonwealth Bank undertook these functions. But they do not arise out of Mr. Darling's scheme, and they could perfectly well be undertaken without it. Before the war gold was available for the purposes which Mr. Darling assigns to his bills, but the Commonwealth Bank never undertook

to buy and sell sterling at par. The proposal that it should do so is something quite distinct from Mr. Darling's scheme, and, it may be added, a much simpler way of accomplishing the same ends.

The Empire Currency Bills then would be held in London, and could be sold either (*a*) to Dominion Governments for cable transfers in Dominion currency, or (*b*) to the British Government for Currency Notes. But in practice no one would ever sell them to the British Government. Currency Notes are only needed for internal circulation in the United Kingdom, and for that purpose they are drawn out by British depositors, who are supplied through the Clearing Banks.

The Clearing Banks get their supplies of Currency Notes from the Bank of England, and, if their credit balances with the bank are insufficient, they replenish them by calling up money from the Money Market. It is the Money Market, that is to say, the Discount Houses, that have to get the additional credit required from the Bank of England. Under Mr. Darling's scheme they could, of course, get it by rediscounting Empire Currency Bills, just as they can now by rediscounting Treasury Bills. But there is no reason why they should prefer to offer or the Bank of England prefer to receive these bills rather than any ordinary sterling bills. Nor would the British Government want to receive Empire Currency Bills to hold against the additional Currency Notes issued for it would receive them automatically from the Commissioners, who would adjust appropriately the amount to be put up to tender on the next occasion (pages 38-39).

Thus the existing methods of controlling credit would continue essentially unchanged. The new factor introduced by Mr. Darling's scheme would be the power given to banks operating in the Dominions to turn sterling into Dominion currency by selling Empire Currency Bills to the Dominion Governments. That would prevent Dominion currencies ever being quoted at a substantial premium over sterling. But it is always easy for a Dominion Government to keep *down* its own currency to parity with sterling. All that is necessary is to offer to buy sterling at par.

What is more difficult is to keep the Dominion currency *up* to sterling parity, for this may necessitate a contraction of credit in the Dominion. Suppose that a depreciation of the Dominion currency were threatened by a relaxation of credit in the Dominion. The tendency would make itself felt in an uncovered excess of imports into the Dominion, and the Dominion banks would have to part with sterling assets (including Empire Currency Bills). At the same time, there would also be a growing demand for Dominion currency for internal circulation. This could only be acquired by selling Empire Currency Bills to the Dominion Government. The double loss of Empire Currency Bills *ought* to lead the banks to contract credit in the Dominion. In a Dominion equipped with a properly-conducted central bank of issue, this would almost certainly follow. But recent experience seems to show that in a Dominion without a central bank the proper sequence of events cannot be relied on. It is only too likely that the banks would find themselves completely denuded of Empire Currency Bills, and unable to procure the requisite supplies of Dominion currency.

In such a case the remedy imperatively required is a suspension of the currency law. But what does that mean? Not merely an administrative ordinance ordering a breach of the law, with a subsequent indemnity; not even an emergency act of the legislature. It means a breach of the understanding with the other participating Governments. Who would have to be consulted about such a step? What provision would have to be made for withdrawing the emergency currency? The Dominion Government concerned would have to raise money to buy Empire Currency Bills. If the breakdown be supposed to have

arisen merely through a mismanagement of commercial credit, this could be done (though only at the risk of a continuance of unsound credit conditions). But if it had arisen from the financial embarrassment of the Dominion Government itself, there would be an *impasse*. Either the Dominion would have to be nursed back to financial soundness with the assistance and control of the other participating Governments, or it would have to acquiesce in a depreciation of its currency. But that would mean a departure from the system, and would entail upon the Dominion the obligation to pay off its share of the Empire Currency Bills. This it could not do. In other words, the mutual guarantee would materialize, and the burden of the inflationary finance of one Dominion would be thrown upon the rest of the Empire.

It may be contended that it is very improbable that any of the Dominions will ever be so imprudent as to resort to inflationary finance. Yet it is hardly an exaggeration to say that there is no Government in the world that has not exhibited this degree of imprudence at some time in the last ten years.

As pointed out above, the machinery for controlling credit and supplying currency in this country would remain unchanged. The discount rates prevailing in the Money Market would depend on the action of the Bank of England. That means that the interest charges to be paid by the participating Governments upon the Empire Currency Bills would be ultimately determined by the Bank of England. So long as the total amount of the bills remained unchanged, the rate of discount upon them would be determined automatically by the tenders. But it might be that the Dominions (who are not accustomed to a large floating debt with the consequent fluctuations in interest charges) would not be content with this arrangement. They might wish either to increase or to decrease the total issue of the bills. Such a measure would have important reactions upon the Money Market, and upon the Bank of England's credit policy. The experience of managing our vast floating debt during the past few years has shown again and again the necessity for the most intimate co-operation between the Treasury and the Bank. Could this co-operation be maintained, if to the Treasury and the Bank were added in the first place the Commissioners representing the United Kingdom and the Dominions, and secondly, the Dominion Governments themsleves, whose consent would be necessary to many measures?

Mr. Darling proposes that the participating Governments should hand over to the Empire Currency Bill Commissioners a part of their gold reserves, say, 10 per cent of the total issue of bills. The gold handed over would be abstracted from the existing currency reserves, and would be regarded not as a reserve against note issues, but as a reserve against the Empire Currency Bills themselves. Mr. Darling anticipates that the existence of such a reserve would increase confidence in the bills, and suggests that "in the event of the rate for discount being forced up unduly, the gold could be used to pay off for the time being a portion of the issue" (page 26). In this contingency "the Commissioners could pay in gold to their account with the Bank of England, and retire a corresponding amount of Empire Currency Bills. This would ease the situation by increasing the supply of money in the market . . . . While the gold reserve would be under the control of the Commissioners, they would probably find it advantageous to consult with the Bank of England before taking action" (pages 42-43). In a recent article ("Times Trade and Engineering Supplement" of the 15th September, 1923) Mr. Darling suggests that the Commissioners should also use their gold to raise the American Exchange, and facilitate the payment of the British debt to America.

These proposals illustrate the kind of divided responsibility for the control of credit that would be involved in the scheme. Mr. Darling claims that it is desirable to "concentrate" the gold reserves of the Empire. But what he actu-

ally proposes is the reverse of a concentration. *Some* of the gold would be collected in the hands of the Commissioners, but the rest would be left in the same hands as now. The only change would be the addition of one more to the various authorities which hold gold. The new authority would either be responsible to the British and Dominion Governments, and unable to take important decisions without their consent, or in proportion as it was freed from these trammels would be irresponsible.

The decisions to be taken by the Commissioners might well be matters of acute controversy. The use of gold from the reserve to lower the prevailing rate of discount in London would be or would seem to be in the interests of the Governments with floating debts in London, but might conflict with the policy of the Bank of England in controlling credit. The Commissioners ought, as Mr. Darling says, to consult with the Bank. But is it certain that they would agree?

The use of gold from the reserve to buy dollars for the payment of the British debt charges in America might be in the interest of the British taxpayer. But could the Commissioners do this without consulting the Dominion Governments? Would not the Dominion Governments urge, with reason, that the gold should be drawn from the reserves of the British Government or of the Bank of England?

COMMITTEE ON INTER-IMPERIAL EXCHANGES

The constitution of the Committee was as follows:—

Sir Charles Addis, K.C.M.G., Chairman of the Hong Kong and Shanghai Bank, London Committee.
Sir Arthur Balfour, K.B.E., Personal Adviser to the President of the Board of Trade.
Colonel O. C. Armstrong, D.S.O.
Mr. O. E. Niemeyer, C.B., Controller of Finance, Treasury.
Dr. O. D. Skelton, M.A., Ph.D., Secretary to the Canadian Delegation, Imperial Conference, Canada.
Mr. W. J. Young, C.B.E., Commonwealth of Australia.
The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand.
Sir Henry Strakosch, Kt., and Mr. E. H. Farrer, C.M.G., Union of South Africa
Mr. E. J. Riordan, Secretary, Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.
The Hon. Sir Patrick T. McGrath, K.B.E., Member of Legislative Council, Newfoundland.
Mr. Dadiba Dalal, C.I.E., High Commissioner for India assisted by
Sir E. M. Cook, C.S.I., C.I.E.
Sir James Stevenson, Bt., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.

Mr. H. Brittain, Treasury, and Mr. H. M. Cox, Office of the High Commissioner for the Commonwealth of Australia, acted as Joint Secretaries to the Committee.

RESOLUTIONS AGREED BY THE COMMITTEE AT THEIR MEETING ON NOVEMBER 6, 1923

The Committee, having considered their terms of reference, have unanimously resolved:—

1. That arising as they do from the suspension of an effective gold standard, the difficulties of Inter-Imperial exchange will disappear when the currencies of Great Britain and the Dominions affected are again made convertible into gold.

2. That it is neither necessary nor desirable to adopt complicated plans for a new instrument of credit, such as Empire Currency Bills, which involve difficult and disputable constitutional and financial questions.

3. That where difficulties have arisen in regard to exchange between certain parts of the Empire and between such parts and the United Kingdom—

(*a*) The position could be ameliorated if the note-issuing authorities were to accumulate sterling assets and to undertake to exchange their local currencies for sterling and *vice versa*.

(*b*) This measure might be further developed and assisted by the creation of central banks and by mutual co-operation as recommended by the Genoa Conference.

(*c*) In some cases the bank charges for buying and selling sterling appear to be unduly high and should be capable of reduction.

(Signed) C. S. ADDIS, *Chairman.*

2, WHITEHALL GARDENS, S.W.1,
November 6, 1923.

CO-OPERATION FOR TECHNICAL RESEARCH AND INFORMATION

The Conference had before them (*a*) the Report of the Imperial Institute Committee of Enquiry, 1923 (published separately, Cmd. 1997 of 1923); (*b*) a memorandum by the Department of Scientific and Industrial Research on "The Co-ordination of Research within the Empire" (I.E.C. (23)-16, printed on page 492); and a memorandum by the Secretary of State for the Colonies (I.E.C. (23)-18, printed on page 514). The discussion was begun at the Eighth Meeting of the Conference, held on the 16th October, 1923.

THE ORGANIZATION OF RESEARCH IN GREAT BRITAIN

In opening the discussion, *Lord Salisbury* said that the Imperial Institute was a noteworthy example of an attempt at mutual assistance and co-operation in the Empire, which he hoped he would persuade the Conference it was well worth while in some form or other for them to further. It was becoming increasingly clear that the business of research was an essential element in the industrial progress of a country, and it had been recognized that a measure of Government action was required. There had accordingly grown up in Great Britain, under the jurisdiction of the Privy Council, a Government organization for research in many fields.

ITS VARIOUS ASPECTS

Its work could be described under three heads. First, the work in connection with standards of measurement, standards of electrical values, etc., as, for example, the testing by the National Physical Laboratory of clinical thermometers. Next, specific research work undertaken at the request of some Government Department, such as the War Office or the Admiralty. Lastly, research for commercial and industrial purposes, in which, of course, care is taken not to attempt to compete with the work of private enterprise. In this connection, however, Lord Salisbury pointed out that the Government have at their disposal advantages not possessed by private enterprise, for a large number of scientific men will give their advice to the Government at far less than the true remuneration of their great talents and place their knowledge, through the

Government, at the service of the community. There is also a kind of research which, while not immediately remunerative, is remunerative in the long run, and that kind of research private enterprise cannot be expected to undertake.

THE DESIRABILITY OF MUTUAL CO-OPERATION

All this work is going on and is growing, and His Majesty's Government are anxious to share all that they possess in these respects with every part of the Empire. This is not altogether unselfish on their part. They are anxious in their turn to get from the oversea countries facilities lacking in Great Britain, as, for instance, in questions connected with the preparation of timber with metallurgical resources, electrical output, and the cold storage of food. The Dominions, invited to contribute in this manner to the common stock, might ask what was the nature of the organization in Great Britain which attempted to cope with these great questions. The Research organization has several methods of procedure: the promotion of research by individuals; the promotion of research by associations of trades; and research by the Government itself for industrial purposes, which, while not always producing immediate profit, in the long run probably contributes the largest element of progress in industry. The supreme example of this last kind of work is the work of the National Physical Laboratory, in such questions as (to take an instance) the actual form and shape of ships, how far pressure affects them, and in what direction modifications might be introduced for the purpose of eliminating resistance and effecting economies in running. This was only one example of work carried on in the interest, not only of Great Britain, but of every country in the Empire which build ships. Lastly, there are Boards or Committees of scientific men, and others interested in industry, not directly connected with trade, but students of research into the various elements of national life; such Boards, for instance, as have to do with food and fuel. It would be possible to conduct investigations if the Dominions supported the organization, into such questions as the marketing of fruit, and the production of power alcohol, or of flax.

The Research organization was run on strictly business lines. The "Geddes Axe" had spared the Department, and, indeed, remarked that it did not spend a halfpenny more than it ought to spend. In these circumstances, Lord Salisbury felt that he could hope, with some confidence, for the support of the Conference.

STATEMENT ON THE IMPERIAL INSTITUTE

Mr. Ormsby-Gore said that he proposed to make a statement about the Imperial Institute and the Report of the Committee of Enquiry, of which he was Chairman, given, as it were, in his capacity as Chairman of the Council of the Institute and as Chairman of the Enquiry Committee, and not as representative of the Colonies and Protectorates.

The Committee, whose Report was before the Conference, was set up early in the present year as the result of the serious financial position of the Imperial Institute due to the withdrawal of the contributions from India and Australia. It was also felt that there was overlapping in research. Much valuable research work was being done in this country, in the Dominions and in India, but without, as yet, adequate co-ordination. In particular, there was certainly overlapping in this country between the Imperial Mineral Resources Bureau and the Imperial Institute.

SUPPORT OF INSTITUTE BY DOMINIONS AND INDIA ESSENTIAL

Mr. Ormsby-Gore then explained that unless the oversea contributions to the Imperial Institute were put on a definite and assured footing, the Institute must be liquidated. He briefly summarized the position, following the main

points of the Enquiry Committee's Report, and explaining the chief recommendations. The Imperial Institute was founded to commemorate the Jubilee of Queen Victoria, and a sum of £429,000 was collected from the Governments and private sources throughout the Empire to establish it. One of the most important contributions was received from the Princes and peoples of India. In 1919 the largest contributors were the Colonies and Protectorates; next came the receipts from endowments; then from fees; then the British Government's grant; then the contributions from the Dominions, and, finally, from India. The financial position was unsatisfactory, and there followed the Milner-Chamberlain Agreement, and the Milner negotiations with the oversea Governments. The contingency foreseen in the Milner-Chamberlain Agreement had now arisen, *i.e.*, the oversea contributions had fallen short of the amount required for the Institute to obtain the British Government's grant of £10,000 a year.

WORK DONE FOR DOMINIONS AND INDIA

He then gave a brief account of the work of the Institute for the Dominions and India in recent years. In 1920-22 the total number of investigations carried out at the Institute for India had been 431, and for the Dominions 726. As an example of the type of investigation carried out at the Institute, he mentioned the work on various raw materials necessitated by various inquiries from the High Commissioner for the Union of South Africa in London, *e.g.*, fruits, gums, barks, minerals, flax, timbers, cotton seed. Similar inquiries were received from the High Commissioners for other Dominions and the Agents-General for the Australian States. The staff employed in the laboratories of the Institute did not attempt to carry out complete final scientific investigation; their aim was to make preliminary technical investigations with a view to placing the particular raw material or article produced by the Dominions in touch with the trade in this country. Having made the preliminary analysis the Institute ascertained what firms in this country could take the raw material, what they would be prepared to pay for it, and in what form it could be best exported or imported. The great success of the Institute had been achieved in linking up scientific work with the commercial sale of the product concerned.

INDIA AND THE INSTITUTE

As regards India, the Committee of Enquiry had heard contradictory evidence on the value of the Institute from the representatives of the India Office and of the Government of India on the one hand, and unofficial Indian opinion on the other. India had been perhaps more closely associated with the Institute than any other country of the Empire, but he could not but recognize that the Government of India had recently formed a very definite opinion on the question of the Institute, and, speaking on behalf of the Council, he was grateful to them for having supported it so long by the generous contributions from Indian funds, and for having deferred more than once the severance of their connection with the Institute. He thought, however, that it was regrettable that the Industrial Commission in India which considered the work of the Imperial Institute did not give the Institute any opportunity of furnishing evidence in justification of its work; but even so the evidence recorded in favour of the Institute was on the whole stronger than that against it. The Committee for India of the Imperial Institute, which contained distinguished representatives of India under the Chairmanship of Sir Harvey Adamson, had assured him that, in spite of the magnificent provision made in India for the application of science to industry, there was still a type of technical investigation which must be referred to institutions in this country. It could easily

be understood that the producer of raw materials for industry requires, in addition to the help of agricultural and other experts in his own country, the skilled advice of experts in close personal touch with the actual users of his produce.

THE QUESTION OF THE EXHIBITION GALLERIES

In the pressing need for economy the majority of the Enquiry Committee felt that the Exhibition Galleries must be abandoned. An important minority, however, including Sir James Allen, the High Commissioner for New Zealand, was anxious to retain the galleries, but Mr. Ormsby-Gore felt that, as they had to cut down somewhere, it was important to keep the most valuable part of the Institute, *i.e.*, the work of preliminary scientific investigation. By eliminating the galleries a rent of at least £8,000 a year would be available, and £5,000 a year of costs would be cut. Some of the exhibits, *e.g.*, the Canadian, in the galleries were valuable; but the difficulty was that collections, to be really valuable, must be changed frequently, and the British Empire Exhibition of the following year would put in the shade any exhibits which the Institute could ever display.

THE MANAGEMENT OF THE INSTITUTE

As regards the management of the Institute, Mr. Ormsby-Gore agreed that the present Executive Council was not the most suitable body to control an institution of this kind. The value of its work lay in relating science to commerce, and the Enquiry Committee recommended that it should be linked up with the whole work of commercial intelligence by placing it under the Department of Overseas Trade. The entire Institute and its management ought undoubtedly to be reconstructed (subject, obviously, to its Imperial aspect not being impaired), and he attached great importance to the proposal that in future the Director of the Institute should not be a member of the Governing Body nor of the scientific staff, but should be purely an administrative officer. The fact was that Professor Dunstan, who was a very able man, had often to give up his scientific work to attend to administrative, political and financial business; and on the other hand that side of the work lost by the fact that the Director had also to supervise the scientific investigations.

THE FINANCIAL PROPOSALS

Among the actual financial proposals which were set out in the document I.E.C. (23)-18, it was important to note that those Governments which now contributed both to the Imperial Mineral Resources Bureau and to the Imperial Institute would in future make only one subscription. The merging of the Imperial Mineral Resources Bureau into the reconstructed Institute Mr. Ormsby-Gore regarded as absolutely vital. The Committee's investigations went to show that the reconstructed Institute, minus the Exhibition Galleries, could be run as a central Information Bureau for the whole Empire, provided with laboratories for preliminary scientific investigations and for performing the present work of the Mineral Resources Bureau, at a cost of about £40,000 per annum. To make up this figure there would be available the rent of the Exhibition Galleries and the income from the Endowment Fund of the Imperial Institute. It remained to collect about £25,000 per annum from the various contributing Governments. It was suggested that if the oversea Dominions and India would contribute £8,000 between them to the reconstructed Institute the Governments of the Colonies and Protectorates, although their revenues were much smaller, would provide their third, *i.e.*, £8,000.

THE HISTORICAL AND SENTIMENTAL ASPECTS

The DUKE OF DEVONSHIRE said that the British Government were prepared, if the plan went through, to make a contribution of £9,000 a year for a period of five years. That, with the £8,000 from the Colonies and Protectorates, made £17,000. The question before the Conference was whether the Dominions and India were prepared to make up the balance of £8,000 for a period of five years. The Duke drew attention to another aspect of the matter. The Institute served to commemorate the Jubilee of Queen Victoria in 1887. It marked not merely an event in the reign of a Sovereign, but a very definite stage in our development as an Empire, and he hoped that it would be carried on as an Imperial Institute in the heart of the Empire. The matter was one which must be looked at not merely from a commercial point of view, but also, to a certain extent, from a sentimental and historical standpoint.

CANADA ACCEPTS RECOMMENDATIONS OF COMMITTEE OF ENQUIRY

Sir LOMER GOUIN said that the Canadian representative on the Imperial Institute Committee of Enquiry, 1923, had signed the Report and the Recommendations, and that Canada was prepared to accept the first recommendation and to contribute her share of the £8,000. If that was not feasible and recourse had to be had to the alternative recommendation, Canada was still prepared to contribute her share because she believed in the Institute and in the Bureau. The Bureau had already rendered very valuable service, and he expected that it would render more valuable services in the future.

AUSTRALIA'S DIFFICULTIES IN SUPPORTING THE INSTITUTE

Senator WILSON said that Australia was anxious to help in the direction of mutual assistance within the Empire, but he explained that many of the difficulties with which Australia was faced (in regard, for example, to such pests as rabbits, prickly pear, blow fly, etc.), had made it necessary for the Commonwealth Government to spend something like £30,000 a year in scientific and industrial research, and probably even a larger amount was spent by the States. The results they would be only too pleased to make available, but in view of this large expenditure it would be realized that Australia found some difficulty in contributing to an Institute in this country as well. He reviewed the position which had led to the appointment of the Committee of Enquiry, and explained that the Commonwealth Government, having been continually adding to the cost of the scientific work of the Australian Institute of Science and Industry, have not felt justified in continuing the subscription to the Imperial Institute. He wished, however, to make it clear that the door was not absolutely closed, and Australia would further consider the matter in the light of the information that had been given that morning.

NEED FOR A CO-ORDINATING BODY

Sir JAMES ALLEN said that it was realized that immense work had been done in England during the last few years in scientific research, although at a very late time in our history. In particular he referred to the work which had been done as regards the dye industry, and he understood that New Zealand users now found British dyes quite satisfactory and intended to stick to them. It seemed to him absolutely essential that there should be some skilled co-ordinating authority which would be able to put people in touch with organizations carrying out pure research, whether they be in Great Britain or in the

Dominions. He believed that if the Imperial Institute were reorganized it would provide a most valuable connecting link within the Empire for this purpose. New Zealand, like Australia, was developing research, but all these research organizations ought to be in touch with one another.

NECESSITY FOR FUSION OF INSTITUTE AND MINERAL RESOURCES BUREAU

He wished to press the absolute necessity for the amalgamation of the Imperial Mineral Resources Bureau and the Mineral Section of the Imperial Institute. When the establishment of the Mineral Resources Bureau was first proposed, Mr. Massey had expressed some apprehension that it would involve overlapping with the work of the Imperial Institute, and other Prime Ministers had foreseen the same danger. The event had justified these apprehensions, and New Zealand had decided to discontinue her contribution to the Imperial Mineral Resources Bureau in view of the overlapping which took place. They would be willing, however, to restore the contribution if the two bodies were amalgamated and there were some guarantee that the work would be carried on efficiently.

Mr. Massey said that personally he was more than ever impressed with the importance of the research work done by the Imperial Institute, and he felt there was even greater work waiting to be undertaken, not only on behalf of England or the United Kingdom, but particularly on behalf of the oversea Dominions and the tropical countries of the Empire. There were pests in New Zealand as well as in Australia. He hoped that the Exhibition Galleries of the Imperial Institute would be carried on; New Zealand was quite prepared to pay her share of any extra amount required for that purpose.

INSTITUTE AS HITHERTO CONDUCTED NOT POPULAR WITH DOMINIONS

Mr. Burton thought Mr. Ormsby-Gore was quite right in asking the Conference to say "Yes" or "No" about the Institute. The subject had been discussed at various Imperial Conferences, and there had always been a great deal of enthusiastic talk about it, but when it came to the question of financial support difficulties were raised and the contributions actually were very meagre. This was due to the fact that as the Institute had been conducted hitherto it had not appealed to the Dominions or to many people who were familiar with its working in this country, and there was a great deal of difference of opinion about its usefulness or the desirability of continuing it on anything like those lines. He had a great sympathy with the appeal that had been made on the grounds of sentiment, but he was doubtful whether that really should be allowed to settle the matter.

SOUTH AFRICA CAN ONLY SUPPORT A BUSINESSLIKE SCHEME

On the business aspect he was in entire agreement with the Minority Report which had been put in by the High Commissioner for South Africa to the Committee, which had recently reported on the working of the Institute. In South Africa the amount that was spent on technical and scientific research was increasing each year, and it was extremely difficult to persuade Parliament to spend more money upon an institution six thousand miles away, of which they had very little knowledge. If the Parliament could not be satisfied that the money was being well spent and that the object as a business matter was a sound and good one, he was afraid no amount of sentiment would settle the question.

He had always supported the project of the Imperial Mineral Resources Bureau, because if it was properly looked after and conducted on proper lines they could get an Institution which would be of substantial value to all the Dominions; and to South Africa, which was especially interested in minerals of all sorts, the successful establishment of an institution of that kind might be of great value. He suggested that the matter should not be settled at once, but that it should be given further consideration and discussed either in Committee or on another occasion, when the proposed amalgamation of the two institutions, the working, the management and the scope and other details of the whole thing could be gone into; but he was unable as things were at present to commit South Africa to an annual expenditure of £1,500, £2,000, or whatever might be South Africa's share in future under this head.

ATTITUDE OF IRISH FREE STATE

Mr. RIORDAN said that a considerable amount of research work had been carried on in the College of Science in Dublin and the Universities in the Irish Free State, and that these organizations were continually clamouring for larger funds so that they might extend this eminently useful work. So far as the Imperial Institute and the other bodies referred to were concerned, it would be necessary for them to prove to his Government that it would be of advantage to them to contribute towards their upkeep. If satisfied on this point, he had no doubt his Government would contribute.

Sir MARMADUKE WINTER said that he thought Newfoundland would be prepared to fall in with the proposals if the other Dominions did the same.

INDIA NOT SATISFIED AS TO VALUE OF INSTITUTE

Mr. INNES said that in the past the Government of India had had a good deal to do with the Imperial Institute and had taken a great interest in it, but for some time past they had not been satisfied that India was getting full value for the amount of money she was spending on the Institute. As he had mentioned on previous occasions, the state of India's finances was making it necessary for her to examine every item of her expenditure very closely. Further, they had felt doubts whether the conception of the Institute was quite sound. He thought he was right in saying that the modern tendency was towards specialized inquiries and specialized institutes. He understood that the Department of Scientific and Industrial Research worked largely in that way. In India they regarded with some doubt an Institute which undertook to give a scientific opinion on any subject referred to it without citing the authority for that opinion. Scientific departments in India had come to look upon the Imperial Institute somewhat askance because its scope was so wide.

Further, when the Institute was started they had practically no scientific departments in India. Having organized those departments, they did not feel the same need for assistance of that kind from the United Kingdom. Their own scientific departments were in direct touch with corresponding scientific institutions in Great Britain.

The Imperial Institute also undertook the function of an agency for commercial intelligence. The Government of India had organized a Commercial Intelligence Department both in India and in London. Experience had shown that they were able to get information of that kind more quickly through their Indian Trade Commissioner than through the Institute. For those reasons they had been compelled to decide that the money which they used to contribute to the Imperial Institute was more urgently needed elsewhere.

DOUBTS AS TO VALUE OF PROPOSED REORGANIZATION

The main point for consideration now was whether the proposals made by the Committee of Enquiry overcame the objections which the Government of India had previously held. The Report of that Committee had, he thought, rather supported the view hitherto taken by the Government of India. The proposal was, as he understood it, that the Institute should in future function as a clearing house of information, equipped with laboratories to enable it to carry out the work of preliminary analysis and investigation of raw materials. This recommendation, he understood, had behind it the authority of the Department of Scientific and Industrial Research, whose views must command great respect. At the same time, speaking as a layman, he would have thought that it might be possible for that Department to organize a smaller institution at less expense to carry on the work required.

He thought that the Government of India might find some difficulty (having regard to their views on the utility of the Imperial Institute) in regard to the proposal to amalgamate the Mineral Resources Bureau with the Institute.

INDIA WILL CONSIDER COMMITTEE'S PROPOSALS SYMPATHETICALLY

He was anxious, however, not to give the Conference the impression that India was determined to have nothing at all to do with the Imperial Institute, however it might be reorganized. The Institute stood for a great Imperial idea. But they had to look at the question mainly from a business point of view. He was authorized to say that, if the proposals now made were found, on further examination, not to be open to the objections which the Government of India had hitherto taken, and if the general opinion of the Conference was that the proposals of the Committee should be supported, then the Government of India would give those proposals their most careful and sympathetic consideration. He could not commit them to a decision at present, as he could not commit the Legislature to providing the necessary contribution. He thought that the Conference might examine the subject in committee, and see whether they could not frame a resolution which would be acceptable to all.

Earl Winterton said that, as the Government of India had been referred to frequently in the course of the discussion, he wished to make it clear that, while Mr. Innes had actually been speaking of objections taken by the Government of India, the views he expressed were also those of the Secretary of State for India, who had always been with the Government of India in the matter.

APPOINTMENT OF COMMITTEE

A discussion then ensued with regard to the setting up of a formal Committee to go into the question of the Imperial Institute and the contributions of the Dominions, the Colonies and Protectorates, and India; and at the next meeting (the Ninth Meeting, held on Tuesday, the 16th October, 1923), a Committee was appointed to consider the Report of the Imperial Institute Committee of Enquiry, 1923, and to report to the Imperial Economic Conference thereon. The Committee (the Imperial Institute Committee) reported on the 31st October, 1923, and their Report is printed on page 517.

DISCUSSION ON COMMITTEE'S REPORT

The Report was discussed by the Conference at the Eighteenth Meeting, held on the 2nd of November, 1923, when the Chairman, on behalf of Lord Salisbury, formally moved the adoption of the resolutions recommended in the Report.

Mr. Graham agreed.

Senator Wilson agreed.

THE CASE FOR THE RETENTION OF THE EXHIBITION GALLERIES

Sir JAMES ALLEN pointed out that he had found it necessary to dissent from the Report of the Committee to the extent of reserving his right to support the retention of the Galleries of the Imperial Institute. In the Report of the Imperial Institute Committee of Enquiry there was a reservation on this subject signed by Lord Islington, Sir Arthur Shirley Benn (representing the Associated Chambers of Commerce), Sir Edward Dayson (representing the Colonies), and himself, and he hoped that the members of the Conference had read that reservation. The main reason advanced by the majority for not retaining the galleries was based on financial considerations, but they also made some definite criticisms. They urged that the collections were not properly representative. While admitting this, he thought it was not the fault of the Institute but of the Governments concerned, of the High Commissioners themselves, who had not taken sufficient interest in the Imperial Institute. This lack of interest, he thought, was largely due to the constitution of the Executive Council, which provided for an unduly small representation of oversea Governments. This would be altered if the recommendations of the Committee of Enquiry were adopted. Further, it must be remembered that during the war the galleries were used for other purposes. It had been suggested that the High Commissioners' windows should be used for exhibition, but that, in the case of New Zealand at least, was impossible owing to lack of room and storage. There was no other place in which such a unique collection was gathered together of Colonial products as the Imperial Institute, and the suggestion as regards the High Commissioner' windows did not touch this side of the question. Personally, he had gone away every time from a visit to the galleries with a wider knowledge and a greater respect for the Colonies of the Empire because of what he had seen in the galleries, and these were things which could not be gathered from books. Again, the majority had admitted the necessity of maintaining up-to-date sample rooms, and suggested that a small travelling Exhibition of a really representative kind should be undertaken. He agreed that such collections must be housed somewhere, and it was better to have them available at any time for the London public and visitors to London rather than bury them where accommodation was cheap.

PUBLIC INTEREST

Public interest, it was perfectly true, might well have been greater, but he did not think it was quite realised how many people have visited the galleries in spite of drawbacks, such as Sunday closing, &c. The Royal Charter, under which the Imperial Institute was established as an Imperial Memorial to the Jubilee of Queen Victoria in 1887, declared that a portion of the first of the main objects should be "the formation and exhibition of collections representing the important raw materials and manufactured products of our Empire"; and, while realising the difficulty of an up-to-date exhibition of all the manufactured products of the Empire, he did visualize a more or less complete exhibition of raw materials and certain of the most important manufactured articles.

COMMERCIAL AND EDUCATIONAL VALUE

With regard to the commercial value of the Institute, it seemed to him that the majority on the Committee of Enquiry had not given full weight to the evidence tendered, a summary of which was given at the end of their Report. He also referred to the educational value, with regard to which he endorsed fully what was stated by the Director at the end of the Report.

FINANCE

As regards the financial situation, the sum to be made up if the galleries were retained was about £13,000 (made up of £5,000 a year as the cost of the galleries, plus £8,000 a year as loss of revenue from letting the galleries). That sum could be made up if the United Kingdom's contribution were increased from £9,000 to £14,000, that of the Dominions from £8,000 to £12,500, and that of the Colonies and Protectorates from £8,000 to £11,500. Even with this expenditure on the galleries, the various countries concerned would make a very considerable saving on the expenditure that they had been providing for in the last year or two. In conclusion, he and his co-signatories of the reservation to which he had referred felt that there was definite value and practical utility in continuance of these galleries.

TRIBUTE TO THE DIRECTOR

There was only one other remark he wished to make, and that was to pay his tribute to the very excellent work that had been done in very adverse circumstances by the Director of the Institute, Professor Dunstan. The further he had examined into the work done, the more he had been impressed with Professor Dunstan's ability, zeal and devotion.

Mr. Burton agreed entirely with the Report, but was opposed to Sir James Allen's proposals about the galleries. He was not prepared to go beyond the Report of the Committee, of which he was a member.

Mr. Riordan said that he had nothing to add to what had been said.

Sir Patrick McGrath said that, like Sir James Allen, he would prefer to see the galleries kept open, but as the matter had been thoroughly dealt with by the Committee, and four of the larger Dominions were unalterably opposed to the retention of the galleries, it seemed to him that there was nothing for it but to bow to the will of the majority. He, therefore, endorsed the Report of Lord Salisbury's Committee and the resolutions based thereon.

Mr. Innes said that he endorsed the Report of the Committee. He thought it must be recognized that Sir James Allen had made out quite as good a case as could be made out for the retention of the galleries, and he greatly regretted that so far as India was concerned he could not support him. Whatever might be the value of galleries of that kind, the fact remained that owing to the necessity for retrenchment they had had to abolish precisely the same kind of galleries in India.

Mr. Ormsby-Gore said he regretted that they felt compelled to close the galleries, but they could not ask the Colonies to pay more than was now proposed for the Institute. He added to Sir James Allen's tribute to the work of Professor Dunstan, which had been done under very difficult financial circumstances. He supported the Report of Lord Salisbury's Committee.

ADOPTION OF RESOLUTIONS

The Report was adopted, Sir James Allen refraining from voting. The following resolution was then tabled and agreed to:—

"1. That Resolutions 1 and 2, recommended for adoption by the Imperial Institute Committee of the Conference, be adopted.

"2. That the following Resolution be adopted:—

"The Imperial Economic Conference take note of the memorandum on the co-ordination of research bearing upon industry, and the suggestions for its development submitted by the Department of Scientific and

Industrial Research in consultation with the Ministry of Agriculture and Fisheries and other Departments, and they are of opinion that all possible steps should be taken to encourage the exchange of scientific and technical information between the various parts of the Empire, and the co-operation of the official and other organizations engaged in research for the solution of problems of common interest."

CO-ORDINATION OF RESEARCH IN THE EMPIRE

Memorandum by the Department of Scientific and Industrial Research (I.E.C. (23)—16).

The programme of the forthcoming Imperial Economic Conference will, it has been officially announced, include *inter alia* the consideration of co-ordinated action for the improvement of technical research. The work of the various bodies which have already been established on an inter-Imperial basis for the purpose of economic co-operation will also be considered. The Department of Scientific and Industrial Research is interested in both of these topics.

Co-Ordinated Action for Research

2. In 1915, soon after the issue of the White Paper describing the scheme for the organization and development of scientific and industrial research in Great Britain, proposals were made by the Governments of Victoria and New South Wales that the scheme should be extended and made applicable to the oversea Dominions, or even to the Empire as a whole. These suggestions received careful consideration, and a memorandum on the subject was issued through the Colonial Office to the various Dominion and Colonial Governments. This memorandum, which was published in the Report of the Department for 1915-16, is reproduced as an appendix hereto (Appendix I).

3. The suggestion is made in the memorandum that, if the general proposal of co-operation between the various parts of the Empire in research commended itself, each oversea Government willing to enter into a co-operative arrangement should, as a first step and at an early date, constitute some body or agency having functions analogous to those of the Advisory Council which acts for the United Kingdom. An indication was given in the memorandum as to the possible forms of an agency arrangement which might be made between various Governments for research purposes, and the probability that such an arrangement might quickly develop into a more intimate and more highly organized relation was alluded to.

4. In Canada, Australia and South Africa, official bodies have been set up corresponding more or less to the organization in this country for encouraging scientific and industrial research. Canada has followed most closely the model of the Mother Country. There, a Committee of the Privy Council, assisted by an Honorary Advisory Council, representative of the scientific and industrial interests of Canada, is responsible for the administration of funds provided by the Dominion Government for expenditure on research. The Australian Commonwealth Government has set up a Commonwealth Institute of Science and Industry entrusting executive power to the Director, who is responsible to the Minister for Trade. The statutory functions of the Institute are very wide in scope, covering investigations in every branch of pure and applied science and all industry, both primary and secondary. Provision is made in the Act for the setting up of a General Advisory Council for the Commonwealth and of State Advisory Boards. These have not yet been created, but provisional bodies are acting until the permanent bodies have been appointed. In South Africa, an

Advisory Board of Industry and Science was appointed with the duty of surveying the resources of the country on a national basis in every field. A committee of this Board, styled the Research Grants Board, advises on research in universities and cognate matters. The Advisory Board, having completed the pioneer work it was formed to do, has now been dissolved, but the Research Grants Board continues to discharge its functions in regard to research. New Zealand so far has not yet adopted any scheme for the encouragement of scientific and industrial research, although proposals have been submitted to the Government for consideration.

5. The Department is represented on the Colonial Research Committee, appointed in 1919 by the Secretary of State for the Colonies at that date (Viscount Milner, K.G., G.C.B., G.C.M.G.), to administer a fund of £100,000 placed at his disposal by the Treasury for the encouragement of research in the non-self-governing Dominions of the Crown during a period of five years. The grant was made on the understanding that in the administration of the funds, the Secretary of State would utilize as far as possible the services of existing agencies, and would co-operate with such bodies as the Imperial Mineral Resources Bureau and the Department of Scientific and Industrial Research.

The despatch sent by Viscount Milner to the smaller Colonies and Protectorates informing them of the appointment of the Colonial Research Committee and of the creation of the fund, emphasized the importance of developing new sources of supply within the Empire of raw materials which are essential to British industries and which are at present obtained almost entirely from foreign sources. Reference is made in a later paragraph (paragraph 33) of this memorandum to the need for co-operation between the Imperial Government and the Governments of Dominions and Colonies in utilizing deposits of little known materials which may have valuable industrial uses.

6. The Department keeps in touch with the research organizations in the Dominions in various ways, *e.g.*, by the interchange of reports and publications, by correspondence on matters of mutual interest, and, in the case of Canada, by the occasional presence of representatives of the Honorary Advisory Council for Canada at meetings of the Advisory Council of the Department.

The Imperial Aspect of the Work of the Department of Scientific and Industrial Research

7. The activities of the Department fall into three main groups:—

(*a*) The encouragement of scientific research in universities and colleges.
(*b*) The encouragement of research for industries or groups of related industries carried out by co-operative associations of firms in the industries concerned.
(*c*) The conduct of research required for Government purposes or undertaken in the national interest for the general benefit of the community.

8. *Encouragement of Scientific Research in Universities and Colleges.*—Grants are made on the recommendation of the Advisory Council to research workers in educational institutions and elsewhere in order to promote research of high quality into fundamental problems of pure science or in suitable cases into problems of applied science. Grants are also made to enable students of adequate attainment to undergo training in scientific investigation. The various grants fall under one or more of the following headings:—

(*a*) Personal payments to research workers to enable them to give either the whole or part of their time to research work.

(*b*) Personal payments to research assistants of scientific standing to enable them to work in collaboration with a professor, or other qualified research worker, in the development of any research in which he is interested.

(*c*) Provision of laboratory or clerical assistants to be employed by research workers.

(*d*) In special cases, provision of apparatus or other equipment or funds to meet expenses incidental to research work.

(*e*) Maintenance allowances to post-graduate students to enable them to receive training in scientific research under the direction of professors or other qualified persons.

9. Grants under (*a*), (*b*), (*c*) and (*d*) are tenable only in the United Kingdom. Maintenance allowances may be awarded to British students only but will be tenable in that place, including places outside the United Kingdom which, in the view of the Advisory Council, is best fitted to provide training in the branch of science in which the student is to specialize.

10. It may reasonably be anticipated that the policy of awarding maintenance allowances to enable students of promise to avail themselves of the facilities for research, offered by University institutions or colleges, will result in a marked increase in the supply of trained investigators, and that a certain proportion of these will, as a result of their training, be well qualified to attack problems having a direct bearing on conditions of life or agricultural and industrial development in those parts of the Empire where research along these lines is needed.

It should be added, however, that in awarding grants to students, no conditions are imposed as to the subjects on which research is undertaken, and the control of the student's work is left to the supervising professor. Similarly, grants to an investigator to enable him to continue research of exceptional timeliness or promise leave him entirely free to follow up his enquiries whithersoever they may lead. The highest order of research cannot be organized. The utmost that can be done by material means is to assist the promising investigator to "gang his ain gait."

11. *Research Associations.*—For the purpose of promoting industrial research, the Department holds a capital fund, which amounted originally to £1,000,000. Out of this fund grants are made to Research Associations established by particular industries to supplement the income contributed to each Association by the co-operating firms who are members of that Association. These grants are given for a limited period in each case, and it is the policy of the Government to encourage each Association to become self-supporting, and ultimately to conduct research for the benefit of, and at the sole cost of, the industry.

12 At the present time twenty-five Research Associations have been established, among which are associations for the cotton industry, the woollen and worsted industry, the linen industry, rubber and tire manufactures, cocoa and confectionery, non-ferrous metals, refractories and electrical and allied industries. The annual expenditure in grants from the fund is at present of the order of £100,000, and represents approximately half the aggregate income of the various Associations.

13. *Research Required for Government Purposes or undertaken in the National Interest.*—This group of the Department's activities covers a wide range. It includes the work of the following research organizations, whose work has an imperial significance:—

(i) *National Physical Laboratory.*

14 The Laboratory is a public institution for standardizing and verifying instruments for testing materials and for the determination of physical constants. The facilities it offers for carrying out tests and special investigations are available on payment for the various Dominion and Colonial Governments and for the industries and trade interests throughout the Empire.

15. One of the main functions of the National Physical Laboratory is the care and maintenance of the fundamental standards of measurement of the country. In the discharge of this function the Laboratory takes such steps as are necessary to give effect to international agreements relating to units of measurement, and to realize in a concrete form the standards adopted by the appropriate international conventions or congresses. It co-operates with the Board of Trade in maintaining the standards of length, volume and mass. It has the custody of the primary electrical standards, and is responsible for accurate measurements of derived standards, *e.g.*, those employed in wireless work and in measurements of electrical power. The standards of illumination and of temperature, including high and low temperatures, are regulated by the work of the Laboratory. It has the care of the British radium standards. Close co-operation is thus desirable between the Laboratory and the weights and measures departments, or standardizing institutions of Dominion and Colonial Governments, in order that the necessary uniformity and accuracy of the primary units of measurement may be secured throughout the Empire.

16. Closely allied with the preceding is the work of the Laboratory as a testing institution. The application of the standards to manufacturing practice is secured through the medium of the instruments sent to the Laboratory for tests. In connection with the supply of accurate measuring instruments for all purposes the Laboratory can assist both directly and indirectly. It can aid Dominion and Colonial Governments and firms in securing satisfactory instruments for purposes of research or manufacture, and where local testing institutions are established it can help in the supply of accurate standard instruments, and can advise as to methods of measurement to be employed.

17. Research is continuously in progress in the Laboratory on the properties of materials and the efficiency of instruments and machines, with a view to the improvement of engineering structures and of manufacturing processes. The researches on metals and alloys, on road materials, on materials for electric insulation and for cold storage work, on apparatus for radio-telegraphy, and the investigation for the improvement of aeroplane and of ship design may be cited as examples. Much of this work requires expensive equipment, *e.g.*, the ship tank, wind tunnels, high voltage plant, which can most economically be provided at a central institution. The knowledge and experience thus gained by the Laboratory, and the facilities for investigating special problems, can be made use of alike by the central authorities of the Dominions and by individual firms throughout the Empire. The Laboratory is able to undertake investigation into special questions affecting the utilization of natural resources or directed to overcome manufacturing or other difficulties. In this connexion it is important and would be of great mutual advantage, that the Laboratory should be closely in touch with any similar institutions elsewhere engaged in technical and industrial research.

18. Some examples of assistance of the kind indicated above may be given. The N.P.L. has aided the Government Laboratories in Calcutta responsible for the testing of materials, electrical instruments, &c., by advising as to methods of test and apparatus to be employed, and by verifying the accuracy of standards and instruments provided. Materials for the Indian Government Railways are

tested at the Laboratory. Help has been given through the Crown Agents to Colonial Governments in procuring apparatus required for various purposes. The Laboratory has assisted the Electrical Standards Laboratory, Ottawa, in the provision of standards for electrical measurements, and has superintended the construction of a standard wavemeter for the Director, Canadian Radio-telegraph service. The Commonwealth of Australia have asked for the help of the Laboratory in procuring a similar wavemeter for their use, and in the provision of an accurate dividing engine. An investigation into the properties of timber has been carried out for the Forest Department, Kenya Colony, and into the qualities of railway material supplied for the Government of South Africa. Tests in the Tank for the improvement of ship design have been made for the Commonwealth of Australia, and for Canadian shipping firms.

19. Much work has been done by the Laboratory for the Research Associations in this country to which reference is made elsewhere. Similar investigations for the improvement of manufacturing processes and products could, of course, be undertaken for associations of manufacturers or other bodies in the dominions.

(ii) *Fuel Research Board.*

20. The Fuel Research Board, in addition to work on British coals, has undertaken for payment at its station at Greenwich investigations for certain dominion Governments on their local coals. The Board has also pursued enquiries on the subject of peat, a matter in which other parts of the Empire, notably Canada, are also interested.

21. Investigations are being made by the Fuel Research Board in this country and in various Dominions and Colonies into problems of the production and utilization of alcohol for power purposes; this is essentially a matter in which there may be a community of interest between this country and the Oversea Dominions and Colonies. The subject is discussed in detail in Appendix II.

(iii) *Food Investigation Board.*

22. The Food Investigation Board undertakes scientific investigations in connexion with the food supply of this country. While the Board's work has been undertaken primarily in the interests of the consumer in this country, the results cannot fail to be of importance to the producers in all parts of the Dominions of food for export, as well as to the manufacturers and distributing trades concerned in food-stuffs throughout the Empire. An enquiry has recently been undertaken in co-operation with the Australian fruit growers and the shipping companies into the cause of "brown-heart" in shipments of apples from Australia. In Appendix III. the need for co-operation between the Imperial Government and the Governments of Dominions and Colonies interested in the overseas trade in fresh fruit is fully discussed.

Work has been done for the Colonial Office on the canning of whale fish, in connexion with the whale fisheries of the Falkland Island Dependencies.

(iv) *Forest Products Research Board.*

23. The Forest Products Research Board, which was established as the result of resolutions passed at the British Empire Forestry Conference in July, 1920, undertakes research into the forest products both of this country and of the overseas Dominions and Colonies. The work comprises: (1) research into wood technology, including the testing, seasoning and preservation of timber; (2) investigation into forest products other than timber, such as tannins, natural dyes, &c.

24. The Board is giving its main attention to the fundamental problems connected with forest products. As a first step a station for research into methods of seasoning timber is being erected at Farnborough. The investigations on testing and seasoning are directed to the establishment of a solid foundation of scientific knowledge rather than to determining the suitability of selected timbers for different purposes. Much of the testing necessary to fundamental enquiry will, however, have an immediate practical application to certain urgent problems with which the Forest Services of the Empire are confronted in the utilization of their timbers.

25. The Department is also proposing to establish, with the co-operation of the Forestry Commission, a timber-testing Committee to undertake work of more immediate economic importance and to assist timber growers with such knowledge as is at present available to ascertain the qualities of their products.

(v) *Building Research Board.*

26. The Building Research Board undertakes investigations on building material and methods of construction, including the consideration of standards for structural materials at present unstandardized. The following are instances of work of interest to the Empire generally:—

(*a*) An investigation is being conducted into the possibility of making "ciment fondu" (the new French high alumina cement) from deposits of bauxite in the Empire likely to be suitable for the purpose.

(*b*) A series of experiments have been carried out on heat transmission through walls, concrete and plasters. The results of these experiments have been published and should be of special interest to builders in tropical climates.

(*c*) A Committee has been formed to investigate the best methods by which decay in building stones, especially in ancient structures, may be prevented or arrested. The subject of this enquiry is likely to appeal to those who are responsible in different parts of the Empire for the maintenance of public buildings and monuments in a state of repair.

(*d*) Preliminary investigations recently undertaken appear to show that a puzzolanic cement of very satisfactory strength can be made from the spent shale of the shale oil industry. Should this be confirmed by further researches, the discovery would materially and beneficially affect the economics of the shale oil industry in the Dominions as well as in this country.

(*e*) The Board is undertaking tests on the sound absorption of building materials required in the construction of the legislative Chambers at the New Delhi. The cost of the tests is being defrayed by the Government of India, at whose request the work is being done.

(vi) *Co-ordinating Research Boards.*

27. The Co-ordinating Research Boards of the Department were established in order to provide a single direction and financial control for the scientific work needed for the Fighting Services of a fundamental nature or which has a wide civilian as well as a direct military interest. Four Boards have been established in the first instance, for chemistry, physics, engineering and radiotelegraphy respectively. There are certain committees of these Boards, however, which have been entrusted with the conduct of investigations in specialized fields.

28. Much of the work of the Co-ordinating Research Boards has an Imperial significance; thus, the investigation into the use of leader gear under-

taken by the Physics Board, in view of its possible utility in navigation, should be of interest to Australian and Canadian coast shipping lines; the work of the Radio Research Board is of direct Imperial interest in relation to communications and shipping; whilst the researches on the causes and prevention of deterioration in fabrics undertaken by the Fabrics Co-ordinating Research Committee will obviously be of general interest throughout the Empire.

Proposals for Co-ordination of Research

29. Schemes for the co-ordination of technical research in the Empire would be connected with: (*a*) the production and utilization of raw materials; (*b*) manufacturing problems.

(a) *Raw Materials.*

30. The Royal Commission on the Natural Resources, Trade and Legislation of Certain Portions of His Majesty's Dominions, in their Final Report (1917), recommend the formation of an Imperial Development Board, one of whose functions would be to investigate in co-operation with existing institutions and committees for scientific research:—

(i) The possibilities of production within the Empire of such essential materials and commodities as now are, or may, in the future, be found to be mainly produced or controlled outside its limits, as well as the possibility of new supplies generally.
(ii) The best means of promoting efficiency and preventing waste in existing methods of production.
(iii) The possibilities of the utilization of substitutes for essential commodities which are not found to be available within the Empire.

31. Lord Balfour of Burleigh's Committee on Commercial and Industrial Policy after the War, whose report was published in 1918, while expressing sympathy with the objects which the Dominions Royal Commission had in view in putting forward their proposals, were inclined to doubt if they were immediately practicable. They favoured the formation of organizations dealing separately with a number of special commodities or groups of commodities, adding, however, that it would no doubt be possible at a later stage to bring organizations set up for these special purposes into one single organization should that course be deemed expedient. Steps have indeed already been taken along these lines. The Imperial Mineral Resources Bureau has been formed to collect information as to the mineral resources of the Empire, but it does not exploit new sources of supply. The Empire Cotton Growing Corporation exists to foster the growing of suitable varieties of cotton throughout the Empire. The Empire Flax Committee of the Board of Trade has a similar aim for the growing of flax.

32. A further development of co-operation between research associations and organizations engaged in producing primary materials in other parts of the Empire would be of great utility in promoting the economic development of the Empire. The Cotton, Linen and Rubber Research Associations are already linked up with the Empire Cotton Growing Corporation, the Empire Flax Committee, and the Rubber Growers' Corporation respectively. The Woollen Research Association is co-operating with the sheep breeders in this country in experiments in the breeding of sheep in order to improve the quality of the wool, and the extension of this co-operation to the Dominions might be worth considering.

33. Co-operation between the Dominion and Colonial Governments and the agricultural research organization in Great Britain, which is now assuming considerable proportions, might be of great value to the agriculturists of the whole Empire. This system of research, which is mainly supported by grants from the English and Scotch Departments of Agriculture, is mostly concerned with subjects such as cereals, live stock and dairy produce that are of vital concern to the Dominions.

34. The importance of co-operation in utilizing the mineral resources of the Empire can hardly be over-emphasized. Apparently unimportant deposits of little known minerals may sometimes possess great economic value. But owing to the fact that their value would only be appreciated by those engaged on research in countries where a wide range of manufactures exists and where the necessarily expensive and elaborate equipment is available, local private interests cannot be expected either to recognize the value of such deposits or to work them when discovered. The following examples will illustrate the point:—

(i) The work proceeding at the National Physical Laboratory on the metallurgy of the minor metals such as cadmium and by beryllium, if it leads to practical developments, will directly interest and benefit the Union of South Africa and other Dominions and Colonies where deposits of cadmium and beryllium are available.

(ii) Recent investigations have shown the value of titanium oxide as a basis for white paints; as a result of prolonged researches, the details of which have not been published, the oxide is now being manufactured in Norway and elsewhere from the mineral ilmenite. The mineral in question is found within the Empire, and in Travancore it is separated in some quantity from monasite sand before the latter is shipped for use as a source of thoria and ceria. The evolution of a satisfactory method of producing titanium oxide from ilmenite would find a valuable outlet for this mineral.

(iii) The optical industry is at present dependent on foreign sources for a supply of clear colourless fluorite used in certain very important optical systems. Deposits of white fluorite have been found in South Africa, but before it can be ascertained whether or not they contain the mineral of a quality to meet the requirements of the optical industry, certain preliminary investigations would be necessary. Quartz and calcite are other examples of minerals, fresh sources of which in a high degree of optical purity would be of great value to the optical industry.

(iv) The utilization of suitable bauxite deposits in the Empire for the manufacture of "ciment fondu" may have important reactions on military and civil engineering and may be followed by extensive industrial developments in the centres where the bauxite deposits are found.

35. A certain amount of research on the raw materials of the Empire has in the past been conducted at the Imperial Institute, and the question of the policy to be adopted in future as regards research for the Empire overseas has received consideration from Mr. Ormsby-Gore's Committee on the Future of the Imperial Institute. It is understood that their Report is before the Conference (I.E.C. (23)-13). The Research Department were asked to express their views on the future of the Imperial Institute, and submitted a report outlining a scheme for the establishment of a clearing house of technical and scientific information to deal with questions from the oversea Dominions and Colonies as to (*a*) pos-

sible uses and markets for new raw materials or semi-manufactured products; (*b*) new uses and markets for already known raw materials or semi-manufactured products; (*c*) the best means of preparing such products for marketing; and (*d*) generally, technical and scientific information bearing upon the industries of the Dominions and Colonies. The Research Department also recommended that the clearing house should be so organized as to provide means for dealing with information bearing upon Forestry and Agriculture, since recent Imperial Conferences have recommended the establishment of Imperial Bureaux for both these subjects.

36. The facilities offered by the various Boards of the Department can be, and are being, utilized in order to promote the development of the resources of the Empire. Thus, the National Physical Laboratory, the Fuel Research Board, the Food Investigation Board and the Building Research Board have, as indicated in earlier paragraphs of the memorandum, already undertaken investigations at the request of Dominion and Colonial Governments or on behalf of Dominion and Colonial trade interests. But the facilities offered in this country for the conduct of scientific investigations likely to lead to industrial developments in other parts of the Empire are perhaps not sufficiently widely known. It is considered essential to bring the producer overseas and the research organizations under the Department into much closer touch.

(*b*) *Manufactured Articles.*

37. The British Government scheme of industrial research is the only organized effort that has yet been made anywhere in the Empire to stimulate industries into taking co-operative action for the purpose of carrying out research. In Canada a somewhat similar scheme has been adopted by the Dominion Government, but has not been proceeded with for reasons of economy. The intention was to establish a National Research Institute discharging testing functions and providing laboratories and research facilities for the use of co-operative research guilds corresponding in all essentials to the Research Associations established in this country.

38. A proposal has been made by the Director of the Commonwealth Institute of Science and Industry in Australia that British Research Associations should be encouraged to extend the basis of their membership so as to enable firms resident in the Oversea Dominions of the Empire to join them and benefit by the results of their work. The Articles of Association of nearly all Research Associations enable them to admit, as members, firms resident in the Empire overseas. Research Associations for industries where the raw material is a vegetable product (e.g., cotton, linen and rubber industries) are interested in research into the conditions under which the product is grown. Co-operation for the purposes of research already exists between certain Research Associations and colonial producers (*cf.* paragraph 32), and could no doubt be extended to other industries if facilities were provided by an Imperial scheme for co-ordinating research. At the same time, it must be remembered that Research Associations enjoy a large measure of autonomy, and would be free to adopt in a matter of this kind whatever course of action appeared to them to be most desirable in their own interests. Further, grants made to Research Associations by the Department of Scientific and Industrial Research are derived from the Million Fund, which was voted by Parliament from the proceeds of taxes levied in this country. In the event of Research Associations undertaking work on behalf of firms situated outside Great Britain, these grants would be used in part for the benefit of persons who had not contributed to the original fund. If firms in the Dominions and Colonies were to join British Research Associations in large numbers the question might arise as to whether grants made by

the Home Government could properly be regarded as available in aid of contributions from such firms and whether firms in outlying parts of the Empire should not look to their own Governments for such assistance.

But after all it is essential to remember that an industrial Research Association is only a means to an end. That end is the provision of opportunity for competent investigators to engage, in a scientific spirit, in researches which, whether in the immediate future or after a long interval, will lead to new knowledge applicable to the processes of industry. The organization has discharged its function when it has (1) stated the problem, and (2) applied the results of research on a full technical scale to the production of manufactures. This must be kept steadily in view in considering the possibilities of useful extension of existing organizations.

39. In preceding paragraphs, reference is made to the services which the research organizations of the Department are able to render to Dominion and Colonial Governments. An instance of the converse is the arrangement made by the Fabrics Co-ordinating Research Committee with the Governments of India, Australia and South Africa for the exposure of samples of fabrics in various tropical climates in connexion with the investigation on deterioration of fabrics being undertaken by the Committee.

Conclusion

40. It is evident from the above that there is ample scope for co-ordination between the Research Department and other research organizations in the Empire. A measure of co-ordination already exists, but much more could be done in this direction. It is suggested that the scheme for the establishment of an Imperial Bureau of Information, proposed in the report of Mr. Ormsby Gore's Committee, would provide part of the machinery necessary for this purpose.

September, 1923.

APPENDIX I.

Department of Scientific and Industrial Research

Memorandum on the Suggestions made by the Governments of Victoria and New South Wales for making the Scheme for the Organization and Development of Scientific and Industrial Research applicable to the whole Empire.

1. The Committee of the Privy Council for Scientific and Industrial Research have considered the papers communicated to them by the Secretary of State for the Colonies on the 23rd November, 1915, and the 3rd January, 1916, including memoranda by the Minister of Public Works of Victoria and by the Honourable Premier for New South Wales. It is suggested in these memoranda that the scheme described in the White Paper issued by Mr. Arthur Henderson on the 23rd July, 1915 [Cd. 8005], and subsequently embodied in the Order in Council of the 28th July, 1915, should be extended and made applicable to the Oversea Dominions, or even to the Empire as a whole.

2. In the memorandum by the Minister of Public Works of Victoria, special stress is laid on the statement made in paragraph 3 of the White Paper that—

> "It is clearly desirable that the scheme should operate over the kingdom as a whole with as little regard as possible to the Tweed and the Irish Channel. The research done should be for the kingdom as a whole, and there should be complete liberty to utilize the most effective institutions and investigators available irrespective of their location in England, Wales, Scotland or Ireland."

The Committee of Council have no hesitation in expressing their concurrence in the view that the principle of the passage above cited is capable of a much wider application, and so far as in them lies they are prepared to co-operate cordially with the Secretary of State in promoting such an arrangement between the Mother Country and the Oversea Dominions as would secure the effective application of the principle throughout the Empire. A complete and effective system of research implies the power to carry out each piece of work in the place where the conditions are most favourable and where it can be performed most thoroughly, quickly and economically. It is obvious that a reciprocal arrangement by which the scientific and industrial resources of the Mother Country in men, material and equipment could be made available for a research in which any of the Dominions was primarily interested, and which conversely would place the resources of the Oversea Dominions at the disposal of the Mother Country and of each other, would greatly augment the aggregate research capacity of the Empire and enhance the productivity of its industries.

3. The simplest form of Imperial co-operation would be an arrangement by which one Government (or some administrative body acting under its authority) would act as the agent of another Government for the purpose of arranging, carrying out and supervising a specific research, the entire cost being borne by the Government initiating the research. It is not outside the existing powers of the Committee of the Privy Council to aid a research intended to benefit a British industry, even though the research may be conducted beyond the borders of the United Kingdom. For instance, the best means of recovering a metal found in one of the Oversea Dominions and needed for the production of some new alloy required by the British Metallurgical or Engineering Industry might form the subject of a research conducted in that Dominion at the instance and at the cost of the Committee of Council. For this purpose their Advisory Council would naturally try to find some body or institution in the Dominion willing, as the Committee's agent, to arrange for and supervise the actual execution of the research. Conversely, there is no reason why the Committee of Council or their Advisory Council should not act as the agent for an Oversea Government (or for any body or institution acting under the authority of that Government) for the purpose of arranging and carrying out on its behalf and at its cost any research which could more conveniently or effectively be conducted in the Mother Country. For instance, it may be worth while for an Oversea Dominion to defray the cost of a research in the Mother Country as to the best method of utilizing an earth or metal which is to be found in the Dominion, but for which there is not at present a sufficient market in the Mother Country, with a view to creating such a market.

4. If, however, an effective agency arrangement were established between different parts of the Empire, it is highly probable that this relation would quickly develop into a more intimate and a more highly organized relation. The scope and methods of modern scientific research, especially when it is directed to the solution of the practical problems of trade and industry, are

such as often to require the combined efforts of many workers in many places, involving a co-ordinated division of labour and a series of investigations into problems arising at many points in the process between the raw material and the finished product. Where the raw material is produced, and especially where it is grown, in one part of the world and manufactured in another, a satisfactory solution of the series of problems with which the industry is confronted will often require concurrent and concerted investigation in both countries. For instance, wheat, cotton, silk, rubber and wool offer a number of distinct though related problems which intimately affect more than one of the constituent parts of the Empire, and which can be most effectively dealt with by simultaneous and co-ordinated investigation in different parts of the world. In such cases, moreover, it is not at all likely that the commercial interests of the two countries in the results of the different parts of the research will be so distinct as to admit of separate valuation of and separate payment for the work actually done for each country. The character of modern organized research, and the character of modern commerce and industry, are in fact such as to render it almost inevitable that a relation which starts as one of reciprocal agency between different parts of the Empire should lead to a more definitely co-operative relation of "joint venture" or "limited partnership." Under such an arrangement two or more parts of the Empire would combine to frame a scheme for the investigation of a specific problem in which they were all jointly interested, would contribute in agreed proportions to the cost of the whole work, and would arrange between themselves for the distribution of the work among the laboratories, factories, etc., at the disposal of the contributories, for the supervision of the work and for the collection, statement and use of the results achieved.

5. It is not inconceivable that in the future the relations of agency or "joint venture" may lead to a still more extensive and comprehensive partnership or union of interests. The White Paper already referred to declares, at the end of paragraph 3, with reference to the United Kingdom, that "there must be a single fund for the assistance of research under a single responsible body." The question whether it would be practicable to extend this principle to the whole Empire by the constitution of a Central Body for the purpose of administering a common fund supported by contributions from the United Kingdom and Oversea Dominions raises issues with which the Committee of Council are not competent to deal. The "pooling" or consolidation of the resources of the Empire for the purposes of scientific research is a stimulating ideal, but though pure science is cosmopolitan and disinterested, it is in its application to trade and industry inevitably affected by the divergent commercial interests of individuals and Governments, and the wide separation in space and the great diversity of the components of the British Empire are still material considerations of which full account must be taken in thinking of any scheme for unified administration.

6. The Committee of Council, however, believe that even at the present time, when the energies of the Empire are so preoccupied by the war, it is not only possible but very desirable to make an advance in the direction suggested by the Governments of Victoria and New South Wales.

It may not be possible during the war to undertake, either at home or in the Oversea Dominions, any researches involving the concerted work of a large number of trained researchers, or the provision of extensive plant and equipment. On the other hand, the Committee of Council are more than ever convinced that during the war it is essential to prepare and test, if only on a relatively small scale, an organization by which the scientific resources of the Empire can be mobilized on a large scale immediately the war is over. The success of anything like an Imperial Scheme of Research must ultimately

depend at least as much upon the skill, foresight, and care with which it is managed as upon the zeal and goodwill of the Governments, universities, and industries which co-operate in it; and it would be very imprudent to wait until the demand has become heavy and urgent in the hope of then improvising a satisfactory system of management.

7. The Committee, therefore, suggest that if the general proposal commends itself, each oversea Government which is willing to enter into a co-operative arrangement should, as a first step and at an early date, constitute some body or agency having functions analogous to those of the Advisory Council which acts for the United Kingdom.

The Committee of Council have, of course, no intention of suggesting that the particular arrangement adopted for the United Kingdom should be taken as a model by other parts of the Empire. The Committee of Council as originally constituted consists of six Ministers *ex officio* and three ex-Ministers. This body is ultimately responsible for asking Parliament to furnish the necessary funds and for approving their expenditure. It is an essential part of the scheme that all proposals for research shall stand referred to an Advisory Council which is a relatively small body, mainly consisting of eminent scientific men and men actually engaged in industries dependent upon scientific research, and that this Council shall take full responsibility for the scientific and technical soundness of all research proposals recommended by them for State assistance.

In the case of the Oversea Dominions, the precise relation of any new body or agency to the Central or the State or Provincial Government, or to a particular Ministry, must obviously depend on local conditions and local preferences. It is, of course, assumed that it would be supported by the resources and influence of the Ministry of Commerce, as in the United Kingdom the resources and influence of the Board of Trade are available for working the scheme of Research in its commercial and industrial relations.

The Committee of Council, however, venture to lay stress upon two points. First, any bodies or agencies instituted for the purpose should, under their respective Governments, have really responsible functions and substantial authority. The several bodies, moreover, should be at liberty to communicate freely with one another, and should, within the limits of the funds placed at their disposal, be empowered to negotiate with one another for the formulation and execution of schemes of research. Secondly, a close connexion should be maintained between these bodies and the public educational systems and institutions of their respective countries. It is obvious that the work of Universities and other institutions for advanced scientific and technological education will both affect and be affected by a State scheme of research, and that the systematic development of research must ultimately depend upon an adequate supply of men and women who are fitted by their training to undertake it. So far as the extended scheme of research involves consideration of the educational problems of different parts of the Empire, it would possibly form an appropriate subject for consideration at the next Imperial Educational Conference and the next Conference of the Universities of the Empire.

8. It is too soon for the Committee of Council to speak as to the working of the scheme which has been established in the United Kingdom. One of the most important functions of the Advisory Council is to promote a better understanding and a closer union between men engaged in science and in industry. Considerable use has already been made by the Advisory Council of sub-committees reinforced by suitable experts in particular branches of science or industry, such as were contemplated by paragraph 8 of the White Paper, and arrangements are now being made to give effect to the principle of paragraph 7 of the

White Paper by setting up certain representative Standing Committees for the great scientific industries of Engineering, Metallurgy and Mining.

9. The Committee of Council would gladly co-operate with the Secretary of State in establishing and conducting any central organization which it may be found desirable to set up in London for the purpose of facilitating and carrying on the business of an Imperial Scheme of Research. Some kind of central office, information bureau or clearing house would be required, and, to start with, it might be possible to use, and, as occasion requires, to extend, for this purpose, the staff of the Advisory Council. A beginning has already been made by the Advisory Council in the compilation of a Register of Research, the scientific and industrial utility of which would be obviously greatly increased if its scope were extended to all parts of the Empire.

10. No reference has been made in this memorandum to the research work which is already done on behalf of the Oversea Dominions and Exchequer-aided Colonies and Protectorates by such institutions as the National Physical Laboratory and the Imperial College of Science and Technology, as well as by the Laboratory of the Imperial Institute. Close relations between the Advisory Council and these institutions are being established, and it is, of course, assumed that in any extension of the Research Scheme to the Oversea Dominions full use would be made of the facilities offered by these and similar institutions, and of the experience possessed by the bodies and persons concerned in carrying on their work.

CREWE,
Lord President.

ARTHUR HENDERSON,
President of the Board of Education.

L. A. SELBY-BIGGE,
Special Secretary of the Committee.

OFFICE OF THE BOARD OF EDUCATION,
WHITEHALL, LONDON, S.W.,

March 2, 1916.

APPENDIX II

MEMORANDUM ON THE PRODUCTION OF POWER ALCOHOL IN THE BRITISH EMPIRE

1. Great Britain and the Oversea Dominions, Colonies and Protectorates are almost entirely dependent on foreign countries for the supply of liquid fuels for use in internal combustion engines. This is clear from the following figures of the world's crude petroleum production for the years 1921 and 1922:—

Country	1921		1922	
	Metric Tons	Per cent	Metric Tons	Per cent
United States	67,454,714	61·7	78,545,428	66·1
Mexico	27,628,227	25·2	25,370,000	21·4
Other countries	12,484,001	11·4	12,789,428	10·8
British Empire	1,955,929	1·7	2,061,568	1·7
Totals	109,522,871	100·0	118,766,424	100·0

2. The duration, moreover, of the world's resources of this natural product, of which petrol or gasolene is one of the distillates, has been the subject of considerable discussion lately, and the view has been expressed in authoritative quarters, in the United States especially, that, at the increasing rate of production and consumption, the rapid exhaustion of supplies is only a matter of a very short term of years.

3. The seriousness of the question led to an investigation being entrusted to the Fuel Research Board of the Department of Scientific and Industrial Research, as to the possibilities of producing alcohol within the Empire for use as an alternative fuel.

4. The result of the investigation, so far as the United Kingdom is concerned, has been to show that there is no prospect of the production of alcohol on a scale even remotely approaching the consumption of imported petrol, the figures for which for the last three years are as follows:—

	Gallons.
1920	206,910,704
1921	251,098,155
1922	311,190,222

The reason for this is that the raw materials which could be grown for the purpose are important food-stuffs, and, with the possible exception of potatoes, are not, and could not be grown in anything like sufficient quantities to meet food requirements. For this reason alone, quite apart from the high cost of cultivation, the production on a commercial scale of alcohol from vegetation for power purposes is not possible in this country. The further investigations of the Fuel Research Board have therefore been directed to exploring the possibilities of the production of alcohol for use in the British Empire outside the United Kingdom.

5. It is desirable here to refer briefly to the methods by which alcohol can be produced, viz:—

(1) By the fermentation of sugar derived from vegetable matter; or
(2) From the cellulose of the plant by converting it to fermentable sugars by—
  (*a*) Chemical, or
  (*b*) Bacterial processes, or
(3) Synthetically.

6. At the present time the only methods of proved economic value are the fermentation processes, utilizing sugar obtained directly from the plant, e.g., from molasses, or from material containing starch, e.g., grain of all kinds, and many roots and tubers.

7. As regards synthetic production, the possible raw materials are calcium carbide and the ethylene in the coal gas from ordinary gas-making plant and from coke-oven installations. Large-scale manufacture of alcohol on a commercial basis from either of these materials is unlikely within the British Empire, with the possible exception of Australia, where the production of cheap electricity on a large scale is now being developed, which might render cheap calcium carbide available for the purpose.

8. It has been stated above that the prospect of adding materially to the supplies of liquid fuel in the United Kingdom by the production of alcohol from home-grown materials is remote. The position is not quite the same as regards the Dominions, Colonies and Protectorates. Their own liquid fuel requirements are relatively small, land is more generally available, labour is in some cases comparatively cheap, and the climate is in certain instances just what is

required for gowing suitable vegetable raw materials. Again, in many parts of the Empire, molasses, a waste product of the sugar refineries, is available, and this is a material which can be converted very cheaply into alcohol.

9. The problem of alcohol production on these lines is being taken up in various parts of the Empire, and its manufacture from molasses has been commenced in Australia, New Zealand, South and East Africa, British Guiana, and in some of the West Indian Islands. The cultivation of crops rich in starch, such as the sweet potato and cassava, is also being considered.

In this connection memoranda on cassava and sweet potatoes as sources of power alcohol have been prepared under the direction of the Fuel Research Board.

10. Turning now to the production of alcohol from the cellulose of the plant, there are vast quantities of tropical and semi-tropical vegetation, such as the grasses of Australia and Africa, and waste vegetable products, such as maize—and rice—straw and corn cobs, etc., which might be commercially possible sources, if alcohol could be produced from them by chemical or bacteriological processes.

11. This branch of the subject has been engaging the attention of the Fuel Research Board continuously for some time. The work on the direct production of alcohol from cellulosic materials by the action of micro-organisms presents considerable difficulties, and progress has so far not been sufficient to enable any opinion to be expressed as to the possibilities of success.

12. With a view to a process which would be chemical in its initial stages, the mechanism of the acid hydrolysis of cellulose has been studied, and the optimum conditions to ensure the maximum production of pentose with a low strength of acid at a moderate temperature and pressure have been arrived at as the result of semi-technical scale work on such materials as are available in this country. The method of fermenting the carbohydrates originally present in the raw material, and those resulting from the hydrolysis, which are mostly pentoses not fermentable by ordinary yeasts, has also been worked out under similar conditions.

13. In view of the fact that cellulosic materials are inexhaustible, are constantly renewed by nature, and are of little or no commercial value, they would appear to offer a possible solution of the problem of raw materials, if a practicable and economic method of treating them can be discovered.

14. The work on their conversion into alcohol, so far as it has been carried in this country, points to the conclusion that a manufacturing process does not offer any great technical difficulties, is not complicated, and does not require elaborate and costly plant.

15. How far the production of alcohol on these lines could be established in the Empire Overseas on an economic basis, is a matter which obviously depends on a great number of local conditions. The further investigation of the problem should be conducted therefore in those countries where the conditions would appear to be favourable, and should include experiments on a semi-technical scale with raw materials at various stages of growth and storage, as these matters may have an important bearing on details of the process, and on final results as regards yields.

16. As regards the economic aspects of the problem in the various parts of the Empire, it is impossible to express an opinion on the results of semi-technical or even of manufacturing scale work in this country. The more important factors which go to make up the retail selling price are the cost of the raw material delivered at the factory, the cost of labour, fuel and water, and the cost of distribution; if intended for export, the cost of transport to seaboard and of freight have to be added.

17. These various items must differ, and differ widely, in the various countries where manufacture would be possible, both amongst themselves and from those of the Mother Country, added to which the question of yield of finished alcohol per unit of raw material, a very important factor in the final price, will almost certainly be affected by its age and condition. It is therefore obvious that the further investigation of the problem must be conducted in those countries where conditions are favourable and where work on a semi-technical scale—that is to say, on a few hundredweights of the material at a time—can be carried out, the material itself being used at various stages of growth and storage.

18. In order that these experiments may have the best chance of success without undue delays, it is essential that they should be carried out under the supervision of experts who have already dealt with and overcome difficulties in this country and who are well versed in the technique of the processes. Qualified men could be made available for the purpose.

19. It may emerge as the result of these further investigations that it would not be possible to produce alcohol from cellulosic materials at a price that would enable it to be transported to the United Kingdom and sold in competition with petrol at its present price. In view, however, of the possibilities as regards the future of petrol supplies referred to in the opening paragraphs of this memorandum, it is undoubtedly most necessary that every step should be taken to establish, if possible, a satisfactory technical process which could be put into operation, at least for local purposes, if and when the increasing scarcity and price of petrol makes the use of an alternative liquid fuel necessary.

20. It is suggested that co-ordination on this question is a matter for consideration at the Imperial Economic Conference, and, if the matter is remitted to a technical committee, the Research Department would be in a position to furnish detailed information on all technical points which might arise.

APPENDIX III

Imperial Co-operation in Food Preservation Research

The Application of Science and Research to the Problems of Overseas Transport of Fruit and Vegetables

A large group of problems which have much in common and which affect the industrial welfare of the Empire is that which centres round the overseas transport of perishable food products.

We are concerned in the present memorandum only with that aspect which includes the oversea trade in fresh fruit. Statistics supplied by the Department of Oversea Trade serve to focus the relative magnitude of the trade and its distribution*

Fresh fruit of all kinds is a highly perishable commodity. A fruit is a living organism endowed with a limited span of life and sensitive to external conditions. Broadly speaking, there is at present only very elementary knowledge as to how to control to the best advantage the conditions during the handling, storage and transport of large bulks of these commodities for considerable periods and over the long distances required. A very striking amount of avoidable wastage occurs which, for lack of precise knowledge, is attributed

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* See page 514.

to unknown causes. From time to time losses assume such serious proportions, as lately in the Australian trade, as to threaten the existence of the producing industry. Wastage and deterioration tend to occur sporadically and so undermine confidence and affect the stability of prices. Nevertheless, it is undoubted that the business of transport could be put upon a secure basis and greatly expanded by the application of sound scientific principles and by engaging on the task the co-operation of engineers, physicists and biologists.

The scientific work involved should include, not only the application of known principles, but also, if a far-sighted view is taken, extended opportunities for fundamental research in the physiology of fruits and vegetables, as living organisms. The problems involved in the overseas transport of fruit are common in their broad features, no matter whether it is fruit from Australia, South Africa or Canada which is in question. Further, the transport centres round the home-country as a focus. The real difficulty of dealing with these problems centrally from the United Kingdom, or separately in any of the countries of origin, is that they cannot be solved by work at either end alone. What is required is close study by a single mind or group of minds in close personal contact of all the conditions from the orchard to the consumer. It appears most desirable that organized co-operation between the parties concerned in tackling these problems should be set on foot through the offices of the Department of Scientific and Industrial Research in London, which has already, to a considerable extent, explored the position through its Food Investigation Board.

Early in the history of the F.I.B., the Fruit and Vegetables Committee of that Board came in contact with the Overseas Fruit Trade through receiving samples of damaged and deteriorated fruits from the Trade Commissioner for South Africa, from the Overseas Farmers' Co-operative Federation, and from the markets, with requests to diagnose the cause of damage, and to advise as to means of prevention. In the correspondence which ensued it was continually pointed out that material advance would not be made unless opportunity was provided for the exploration of the conditions obtaining during transport, and unless close contact with the scientific staffs in the countries of origin was established in order to relate conditions prior to shipment to the question of good or bad transport. Leading men connected with the trade, both overseas growers, shippers and oversea Government representatives, urged the desirability of a thorough scientific investigation of the conditions of oversea transport, but the Food Investigation Board took no active steps in initiating such investigations as being outside its immediate scope.

In 1922 matters reached a crisis. Very serious deterioration and loss occurred in the transport of the Australian apple crop to this country, and the Agent-General for Tasmania, on behalf of the fruit-growing interests of Australia and of the Australian fruit trade, was able to prevail upon the shipping companies to co-operate in seeking for the first time a full scientific investigation of the conditions prevailing during transport in the holds of their vessels, provided conditions prior to shipment were also investigated. The Food Investigation Board was approached, and agreed to undertake an investigation of strictly limited scope, and three research workers were sent to Australia to study the conditions prior to shipment and in the holds of three fruit boats of different types carrying Australian fruit on the return voyage to this country. The steamship companies agreed to afford every facility, and to provide free passages, and the Commonwealth Government to pay all incidental expenses incurred on the trip and in connexion with the residence in Australia. This investigation has been carried out with successful results, which are at present in course of being embodied in formal reports. Much, however, remains to be done. The

trade interests, moreover, are alive now to the value of scientific research and investigations, and are anxious to see the work begun last year by the Department, in connexion with the Australian apple trade, continued and extended. It is felt that the scientific work involved should be carried out by the Governments concerned, as the only means of dealing satisfactorily with a situation which involves the divergent and sometimes conflicting interests of growers, shippers, steamship companies, and agents and consumers—an opinion which experience in this matter of the recent expedition has confirmed, in that the goodwill and confidence of all parties was accorded to the Research Department. It is felt, therefore, that every effort should be made to arrange co-operation whereby the organization, experience and central position of the Department of Scientific and Industrial Research may be utilized to the full.

OVERSEA TRADE IN FRESH FRUIT

Figures for 1921

	£
Fresh fruit: total imports (approximately)	33,000,000
Apples, raw: total imports	7,400,000
Of which, from—	
United States of America	3,340,000
Canada	2,480,000
Australia	990,000
Bananas, raw: total imports	6,650,000
Oranges, raw: total imports	7,950,000
Other fruits, raw (including nuts, used as fruit): total imports	11,000,000

Canada exports chiefly apples.

Australia exports chiefly apples; also pears, plums, peaches. Oranges a developing trade.

South Africa exports oranges, pears, plums, peaches. Pineapples a developing trade.

Estimated deterioration between 20 per cent and 30 per cent. Australian apples in 1922, approximately £125,000; probable annual loss by deterioration all told of the order of £1,000,000. The 1922 deterioration in Australian apples was so severe that insurance companies refused to insure in future. The consequence was that Australian growers created a "fighting fund" and there are at present five legal cases impending.

CO-OPERATION FOR TECHNICAL RESEARCH

MEMORANDUM BY THE SECRETARY OF STATE FOR THE COLONIES (I.E.C. (23)—18).

His Majesty's Government have considered the Report of the Imperial Institute Committee of Enquiry,* and find themselves in general agreement with the conclusions at which the majority of the Committee have arrived. They therefore propose to the Conference the adoption of the Committee's scheme for the continuation of the Imperial Institute on a contributory basis as a Clearing House of Information and a centre for the investigation of the raw materials of the Empire on the lines recommended in the Report and for the amalgamation of the work of the Institute and of the Imperial Mineral Resources Bureau. They also propose that the Exhibition Galleries shall be dealt with as recommended by the Committee.

* See Cmd. 1997.

His Majesty's Government desire to draw particular attention to the statement in the 91st paragraph of the Report that it is a condition precedent to the Committee's recommendations that a definite assurance can be obtained that a guaranteed income of approximately £40,000 a year will be available for a period of years for the purpose of the new amalgamated Imperial Institute and Imperial Mineral Resources Bureau, and to the view expressed by the Committee that in the absence of such an assurance their recommendations are doomed in advance to failure. The history of the past few years amply confirms these statements. It is impossible for the Institute or any institution to perform its functions unless it can be assured of the necessary minimum revenue for a reasonable term.

If no definite assurance that the full amount of the income required to carry out the Committee's recommendations will be available is forthcoming from the Conference, there would appear to be no option but to adopt forthwith the Committee's alternative scheme for the continuation of the minimum of the more important functions of the Institute so far as the income available without Government contributions will allow. Although His Majesty's Government would regret this necessity, it is, in their opinion, essential that the Governments concerned should be aware that it is their intention to adopt the alternative scheme unless it is clear that the necessary support for the Committee's proposals is assured at the Conference.

It will be observed that under their alternative scheme the Committee do not propose that any change should be made in the status of the Imperial Mineral Resources Bureau. The Bureau, therefore, will remain in being, and will no doubt continue to receive contributions, as at present, from the Governments concerned. In 1922, the last year for which a report is available, the Bureau received in contributions from His Majesty's Government and the Oversea Governments a total of £14,283, as compared with a total contribution by His Majesty's Government and the Oversea Governments to the Imperial Institute of £38,269 for the corresponding year.

The following estimate of the cost of carrying out the Committee's proposals has been prepared:—

ESTIMATE OF COST OF SCHEME PROPOSED BY THE IMPERIAL INSTITUTE ENQUIRY COMMITTEE

Expenditure	£	Revenue	£
Present expenditure of the Imperial Institute, less the proportion due to the Galleries	28,000	Endowment Fund	3,426
Additional expenditure due to absorption of the functions of the Imperial Mineral Resources Bureau	8,000	Annuity (North Gallery)	864
Contingencies	3,000	Fees for work done (say)	1,710
		Rent of Exhibition Galleries	8,000
		Leaving to be provided by Government contributions	25,000
	39,000		39,000

His Majesty's Government are prepared to propose to Parliament an annual grant of £9,000 a year for a period of five years and to invite the Colonies and Protectorates to agree to contribute between them an annual grant of £8,000 for the same period, on condition, but only on condition, that the Governments of the Dominions and India are willing to give assurances that they will make contributions amounting in all to £8,000 for the fixed period of five years.

DEVONSHIRE.

October, 1923.

Appendix

S/3011/2.

Treasury Chambers, September 29, 1923.

Sir,—I have laid before the Lords Commissioners of His Majesty's Treasury Sir G. Grindle's letters of the 14th and 22nd instant (39728/1923), enclosing a copy of the Report of the Committee appointed to consider the functions and future of the Imperial Institute, and a draft statement with which the Secretary of State proposes to preface the Report in submitting it to the Imperial Economic Conference.

My Lords note that the Duke of Devonshire has accepted the Report, and they do not desire to dissent on financial grounds. They concur most strongly in the view that the income of the Institute should be assured for a term of at least five years, and they would also consider it essential for its well-being and usefulness that contributions should be made by all the Dominions. Should the scheme outlined in the Report not prove acceptable to the Dominions, His Majesty's Government would resume complete freedom of action, either to adopt the alternative suggested by the Committee or to take steps to close the Institute.

Their Lordships observe that, in any event, the Exhibition Galleries will be available for other purposes, and they are prepared to contribute to Institute funds the rental value, estimated at £8,330. In order, however, that profitable use may be made of this space and of any other space that may be set free if the main scheme of the Report be not adopted, they are bound to require that the decision on the future of the Institute should be taken at the Imperial Conference.

With regard to the actual amount which it is proposed that His Majesty's Government should contribute, my Lords would have preferred that the British contribution should be the same as those proposed for the Dominions and Colonies respectively, viz., £8,000; and they consider that, having regard to the savings on salaries, rent, and publications of the Imperial Mineral Resources Bureau when its functions are absorbed, a sum of £24,000 would have represented a reasonable estimate of the total contribution required.

But if the Secretary of State feels strongly that £25,000 represents a more probable figure, my Lords will not raise objection to the British Exchequer contribution being fixed at £9,000 per annum.

I am, etc.,

(Signed) G. L. BARSTOW.

The Under-Secretary of State,
Colonial Office.

IMPERIAL INSTITUTE COMMITTEE

The constitution of the Committee was as follows:—

The Most Hon. the Marquess of Salisbury, K.G., G.C.V.O., C.B., Lord President of the Council;
Lieut.-Colonel A. Buckley, D.S.O., M.P., Parliamentary Secretary to the Department of Overseas Trade;
Dr. Charles Camsell, LL.D., F.R.S.C., Deputy Minister of Mines, Canada;
Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;
The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;
The Hon. H. Burton, K.C., Minister of Finance, Union of South Africa;

Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;
The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio Newfoundland (assisted by the Hon. Sir P. McGrath, K.B.E., and Captain V. Gordon, Acting High Commissioner for Newfoundland):
Mr. C. A. Innes, C.S.I.I., C.I.E., Member of the Governor-General's Council for Commerce and Railways, India;
The Hon. W. G. A. Ormsby-Gore, M.P., Parliamentary Under-Secretary of State for the Colonies;
Sir James Stevenson, Bart., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions;
Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.

Colonies and Protectorates.

Mr. E. B. Boyd, and Mr. P. McGilligan, Secretary to the Irish Free State Delegation, acted as joint secretaries to the Committee.

REPORT

This Committee, appointed by the Imperial Economic Conference at its meeting on Tuesday, the 16th October, begs to make the following report:—

The Committee, which consists of representatives of Great Britain, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State, Newfoundland, India, and the Colonies and Protectorates, was instructed to consider the report of the Imperial Institute Committee of Enquiry, 1923, (I.E.C. (23)—13)* and to report to the Imperial Economic Conference thereon.

The Committee have prepared the following resolutions, which they would suggest should be submitted for adoption by a plenary meeting of the Imperial Economic Conference:—

RESOLUTION 1.

The Committee recommend the adoption by the Imperial Economic Conference of the following resolution:—

"The Conference recommends the adoption of the first of the two schemes for the future of the Imperial Institute and the Imperial Mineral Resources Bureau proposed in the Report of the Imperial Institute Committee of Enquiry, 1923, subject to the following modifications:—

"(i) That in order to ensure that the reconstituted Imperial Institute may in future undertake in its laboratories only preliminary investigations of raw materials for the purpose of ascertaining their possible commercial value, and to ensure that investigation or research of a more extensive kind may be referred to the appropriate authority, whether in this country or elsewhere in the Empire, there shall be formed a small Committee of the Governing Body to be known as the 'Laboratory Committee,' consisting of the Comptroller-General of the Department of Overseas Trade (or his nominee), the Secretary of the Scientific and Industrial Research Department (or his nominee), and a Fellow of the Royal Society, being a representative of that Society on the Governing Body of the Imperial Institute, who will supervise the laboratory work of the Institute and report thereon from time to time to the Governing Body.

"(ii) That, with a view to ensuring that in future the reconstituted Institute may have expert assistance in regard to finance, *e.g.*, in estab-

'lishment matters, a representative of His Majesty's Treasury be added to the new Governing Body and to the new Managing Committee proposed in paragraphs 100 and 101 of the Report of the Imperial Institute Committee of Enquiry."

Sir James Allen, however, the representative of New Zealand, wishes it made clear that he adheres to the Reservation attached to the Report of the Imperial Institute Committee of Enquiry; and, while assenting in general to the previous recommendation, reserves complete liberty of action for the New Zealand representatives at the Imperial Economic Conference in respect of the recommendation to abolish the Exhibition Galleries of the Institute.

RESOLUTION 2.

The Committee recommend the adoption by the Imperial Economic Conference of the following resolution:—

"The Conference approves the estimate of the cost of maintaining the reconstructed Institute as set out in paragraph 5 of the memorandum by the Secretary of State for the Colonies submitted to the Conference (I.E.C. (23)—18); and suggests that in order that the sum of £8,000 which is proposed as an annual contribution from the Dominions and India may be obtained, the Ministerial representatives of the Dominions and of India advise their respective Legislatures to contribute the following annual amounts for a period of five years:—

	£
"Canada..	2,000
"Commonwealth of Australia..	2,000
"New Zealand*..	1,200
"Union of South Africa..	1,200
"India..	1,200
"Irish Free State..	200
"Newfoundland..	200."

Signed on behalf of the Committee,

SALISBURY, *Chairman.*

October 31, 1923.

IMMUNITY OF STATE ENTERPRISES

The discussion of this subject was opened at the Fourteenth Meeting, held on the 24th October, 1923.

The CHAIRMAN said that the whole question was becoming increasingly important as Governments tended to engage more and more in trade and commerce throughout the world. It would be generally agreed that it was unfair that State enterprises should enjoy a large measure of immunity to which private enterprise, engaged in the same business, was not entitled. It was also difficult, if the principle were not carried out at home, to insist on it in foreign Governments, some of whom engaged extensively in business.

He then referred to Article 281 of the Peace Treaty which provides that: "If the German Government engages in international trade, it shall not in respect thereof have, or be deemed to have, any rights, privileges, or immuni-

*On the understanding that New Zealand is willing to raise this amount to £1,500, provided that the Exhibition Galleries of the Institute are retained.

ties of sovereignty." That, though a provision of a very general kind, was limtied to the trade activities of ex-enemy countries. He proposed to the Conference that, in view of the action already taken by various international conferences, and of the report of the Colwyn Committee in Great Britain, the most convenient course was to divide the subject into two categories: (1) Taxation generally, and (2) Shipping, both as regards taxation and other liabilities.

REPORT OF THE COLWYN COMMITTEE

The Colwyn Committee, which was appointed to consider questions arising in connection with the liability of Dominion and Foreign Governments, etc., to United Kingdom taxation, summarized its proposals as follows:—

"1. *Property in the United Kingdom owned by a Dominion Government, otherwise than in a trading capacity.*

"We recommend that Dominion Governments should be exempted from United Kingdom Income Tax on all income arising to them from property, real or personal, which they own in the United Kingdom, except so far as the property may be owned or held in a trading capacity.

"In the case of real property, we recommend a corresponding relief from payment of Land Tax, so far as the property is occupied for official purposes.

"These exemptions should be conferred by statutory enactment.

"2. *Property in the United Kingdom owned by a Dominion Government in a trading capacity, and profits derived by a Dominion Government or its agents from trade in the United Kingdom.*

"We recommend that all Dominion Governments should be invited to agree to the following proposition: Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the Empire, in which it may either own property in connection with trade or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances.

"We recommend that, on such an agreement having been reached, the Crown should be made legally liable, in accordance with the agreement, by provisions in the statute law of the several countries.

"3. *Property in the United Kingdom or the Dominions owned by a foreign Government in a trading capacity, and profits derived by a foreign Government or its agents from trade in the United Kingdom or the Dominions.*

"We recommend that, after the principle of mutual taxation has been agreed within the British Empire, negotiations should be opened with the Governments of foreign countries, with a view to reciprocal agreement between those countries and the Empire to the following effect: If or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to

any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade.

"It would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war."

The CHAIRMAN pointed out that by the last proviso it was intended to make the same sort of provision as had always been regarded as necessary in the case of shipping carrying essential goods in time of war, and to exempt the nationals of States from arrest or such summary procedure in time of war. These principles of the Colwyn Committee appeared to the British Government to be fair and reasonable, and they would propose them for general adoption. It was also important to support any representations to foreign Governments engaging largely in trade by the common policy of the British Empire. This in regard to taxation.

IMMUNITY OF STATE-OWNED SHIPS

As regards shipping he would go further. Shipping had received special consideration at a succession of international conferences. The Conference had already taken the view that it was to the interests of every part of the Empire to see that the shipping of the Empire was treated equally throughout the world. Now the immunity of State shipping was considered by the International Committee on Maritime Law in October, 1922, and immediately afterwards by the Brussels Diplomatic Conference, which recommended strongly the principles and practice recommended by the International Committee. In the summer of 1923, the International Committee on Maritime Law met again at Gothenburg and drafted, in the form of a suggested Convention, the details of the original proposals, which were, broadly, that state-owned ships should accept the same liability as private owners, with the exception of warships and other vessels in the possession of, or chartered by, Governments on non-commercial work. The proposals in the original Gothenburg Draft, amended in consultation with the British Admiralty (inserting provisions which, while doing no violence to the general principle, would give the fullest security necessary for supplies to the Navy in peace and war), the Chairman recommended to the Conference for adoption.*

The recommendations of the Colwyn Committee with regard to taxation generally, and the proposals outlined in the amended Gothenburg draft, which cover not only taxation but questions of immunity in respect of collision and so forth, were, therefore, before the Conference.

Mr. GRAHAM said that the Canadian Government approved the principles of the Colwyn Committee's Report, on the assumption that any agreement arrived at would bind not only the Dominions but also reciprocally the United Kingdom (the Chairman stated this would certainly be the case). It must also be remembered that several Provinces of Canada might be interested in the matter in their own right, and the Canadian Government could not bind Provinces either as to taxes imposed by the Provinces or taxes to which it might be sought to render them liable.

COMMONWEALTH PREPARED TO COME INTO LINE

Mr. BRUCE said that the Commonwealth Government had already considered the recommendations of the Colwyn Report and had replied that they were prepared to come into line. He wished, however, to make it quite clear that the proposals had nothing to do with the freedom of any Government to act

inside its own jurisdiction with regard to the enterprises under its control. He also like Mr. Graham, desired to point out that the Commonwealth Government had no power to bind any State Government in this matter.

It was the third of these resolutions (proposing negotiations with foreign countries as to the taxation of property owned by them in a trading capacity) which chiefly influenced the Commonwealth Government in favour of the proposals. To strengthen our hands in such negotiations he was prepared to agree to the two preceding paragraphs dealing with Dominions' property in Great Britain. But he suggested that there should be some clear definition of "trading capacity."

*For amended Draft, see below, at end of Resolution adopted at the Seventeenth Meeting.

As regards Shipping, the Commonwealth was quite prepared to accept the proposals. The only thing he felt a little hesitation about was the power to enforce judgments against the actual ship itself, but he was prepared to accept this if the Conference as a whole were agreed.

Mr. MASSEY said that the New Zealand Government had already concurred in the recommendation of the Colwyn Committee. He also agreed to the proposals regarding shipping.

Mr. BURTON in agreeing stated that most of the draft proposals in the Gothenburg Report had been embodied in the South Africa Merchant Shipping Bill which was to come on next Session.

Mr. RIORDAN and Sir PATRICK MCGRATH also concurred in the proposals.

Mr. INNES explained that no specific instructions had been given to him in regard to the subject under discussion, but he thought that the Government of India would have no difficulty in accepting the principle of the proposals contained in the summary of the recommendations made by the Colwyn Committee.

In the matter of the immunity of State-owned ships, there, again, the Government of India had accepted the principle. In March last they had passed the Indian Merchant Shipping Act which consolidated all previous Merchant Shipping Acts. Previous Acts had not applied to ships belonging to His Majesty's Government or to those belonging to any foreign Government. The new Act excluded from that exemption, ships employed for profit by a foreign Government.

He thought, therefore, that the Government of India would certainly accept the principle of both the proposals.

Mr. ORMSBY-GORE concurred in both proposals.

ADOPTION OF RESOLUTIONS

General concurrence having thus been arrived at in the recommendations of Lord Colwyn's Committee, and in the terms of the proposed Draft Convention, resolutions, making plain that they were adopted without prejudice to the rights of the States or Provinces of a Self-Governing Dominion, were submitted to the Conference at the Seventeenth Meeting, held on Thursday, the 1st November, 1923, and adopted. The resolutions were as follows:—

> "1. This Imperial Economic Conference, so far as it is competent for its members without prejudice to the rights of the States or Provinces of a self-governing Dominion, agrees with the recommendation of the Committee on the Liability of Dominion and Foreign Governments, &c., to United Kingdom taxation expressed in the following terms, viz.:—
>
> "'Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the

Empire, in which it may either own property in connection with trade, or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances.'

"It is agreed that each of the several Parliaments of Great Britain, the Dominions and India shall be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or Ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Governments in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. It is not contemplated that such legislation should have retrospective effect for any year prior to 1924. This Conference further agrees that, as soon as possible after the passing of the aforesaid legislation, negotiations should be opened with the Governments of foreign countries, in accordance with the recommendations of the aforesaid Committee—

"'with a view to reciprocal agreement between those countries and the Empire to the following effect: if or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade. It is understood that, as the Committee recommend, it would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war.'

"2. The Conference further recommends that the draft convention on the immunity of State-owned ships adopted by the Meeting of the Maritime Law Committee of the International Law Association held at Gothenburg in August last, and amended after consultation between the British Admiralty and Board of Trade, should be adopted throughout the Empire as the basis on which an international convention might be concluded. This amended draft is as follows:—

"'*Immunity of State-owned Ships.*

"'(Amended Draft: October 26, 1923.)

'*Article* 1. Vessels owned or operated by States for trading purposes, cargoes owned by them and cargo and passengers carried on such vessels and the States owing or operating such vessels shall be subjected in respect of claims relating to the operation of such vessels or to such cargoes to the same rules of legal liability (*i.e.*, liability to be sued for payment), and to the same obligations as those applicable to private vessels, persons and cargo.

"'*Article* 2. Such liabilities shall be enforceable by the tribunals having jurisdiction over and by the procedure applicable to a privately-owned ship or cargo or the owner thereof.

"'*Article* 3. Ships of War, State Yachts, Surveying Vessels, Hospital Ships and other vessels owned or operated by States and employed on

other than trading purposes shall continue to enjoy the respective privileges and immunities hitherto enjoyed by them by the comity of nations. Liabilities against such ships in respect of collisions or salvage claims shall, however, be enforceable, but only by action before the competent tribunals of the State owning or operating such vessels; and no such vessel shall be liable to arrest. Similarly, State-owned cargo carried for non-commercial purposes in ships owned or operated by the State shall not be subject to seizure, but shall be liable to process of Law, but only in the Courts of the State owning such vessels.

"'*Article* 4. The provisions of this Convention will be applied in every contracting State in all cases where the claimant is a citizen of one of the contracting States, provided always that nothing in this Convention shall prevent any of the contracting States from settling by its own laws the rights allowed to its own citizens before its own Courts.

"'*Article* 5. This Convention shall not be binding on a belligerent State in respect of claims arising during the period of belligerency.'"

IMPORT AND EXPORT OF LIVE STOCK

The discussion on this subject took place at the Sixteenth Meeting of the Conference, on the 26th October, and was opened by a statement by Sir Robert Sanders in the following terms:—

Sir Robert Sanders: I do not want to go at too great length into the history of what has been a somewhat contentious subject.

THE DISEASES OF ANIMALS ACT, 1896

The position was until a year ago that all live cattle were prevented from coming into these islands, and it is under that system that the present generation of agriculturists have carried on their business. That was called the "embargo", and that was imposed by the Diseases of Animals Act, 1896. I am quite aware that great objection is taken particularly to the name of that Act, an objection which I have heard expressed on several occasions with vehemence, I might also say with heat. That is really one of the eccentricities of English jurisprudence. We have a large number of Acts of Parliament called by curious names. For instance, we have an Act that says that contracts for the sale of land must be in writing. We call that the Statute of Frauds. There was an Act passed in 1909 under which local authorities prohibit Cinema Exhibitions from taking place on Sunday, and censor films that might be calculated to shock the youthful visitor. Well, we call that an Act "To make better provision for securing safety at Cinematograph Exhibitions." Those are the sort of eccentricities that you get in Acts of Parliament. It is rather the rule than the exception that a state of things should arise under an Act of Parliament that has nothing to do with the name of that Act.

THE REMOVAL OF THE EMBARGO ON CANADIAN STORE CATTLE

Now, the next step in this matter is that, in consequence of promises made by Lord Ernle in 1917 to Canadian representatives this subject was brought up in both Houses of Parliament in the summer of 1922, when the following Resolutions were passed:—

In the House of Commons:—

"That this House is of opinion that the time has arrived when the embargo on the import of Canadian cattle should be removed";

and in the House of Lords:—

"That this House accepts the conclusions of the Royal Commission that the Dominion of Canada is free from cattle plague, pleuro-pneumonia and foot and mouth disease, and is of opinion that steers from the Dominions might be admitted as store cattle to Great Britain, subject to precautions by means of quarantine being taken."

In consequence of these Resolutions, an Act was passed last December entitled the "Importation of Animals Act, 1922." That Act authorizes the admission of store cattle from Canada. So far as Canada is concerned, we have withdrawn unreservedly any suggestion that her cattle should be excluded on grounds of disease. The stigma to which she objected, which was imposed by the Diseases of Animals Act, has been removed by the Importation of Animals Act of last year.

THE QUESTION OF FAT CATTLE. BRITISH ATTITUDE

I understand, however, that Canada is not completely satisfied, and that she desires not only free import for her store cattle as defined in the Act, but also free access to our inland markets for her fat cattle. With regard to this request, I must point out that the British Government must have regard primarily to the interests of its own producers. I think that principle has been admitted more than once during this Economic Conference. Canada has been accustomed for the last generation to send us her fat cattle for slaughter at the ports. It is still open to her to do so. The removal of the embargo on store cattle does not justify a claim that additional privileges should be given to fat cattle, if as most certainly is the case, the representatives of British agriculture are convinced that it would be detrimental to their interests. This definition of store cattle was inserted in the Act by the House of Commons without any pressure from the Government. It is not embodied in a Diseases of Animals Act, so that it casts no stigma on the health of Canadian cattle, whether store or fat, and it must be regarded as a matter of domestic policy adopted in the interests of our own producers. I cannot hold out any hope, therefore, that the Government will propose or that Parliament would accept any alteration of a decision that was deliberately arrived at less than a year ago.

BREEDING CATTLE

The second clause of the Act authorizes the Minister to admit by Order Canadian animals other than stores. Such Order, however, has to be approved by both Houses of Parliament. My predecessor, Sir Arthur Boscawen, had informed the Canadians of his intention to introduce such an Order at an early date, and was under the impression that he would be supported by the agricultural interests of the country in doing so. When, however, I came to look into the question I found that that impression was based upon a misapprehension and that all classes of our agricultural community were strongly opposed to admitting breeding cattle into the country. So strong was that opposition that I thought it very unlikely that such an Order would be confirmed by Parliament. Probably it is not generally recognized what an important matter our pedigree herds are to English agriculture. They have been built up mainly by private effort, though latterly the Government has given some assistance, and

although they comprise only a small proportion of the total stock of cattle in the country they influence the quality of a vast number of animals that are not pedigree. Our agriculturists are exceedingly nervous about anything that would in any way reduce the class of our stock which we have done so much of late years to improve, and they are firmly opposed to the admission of breeding cattle to this country.

Mr. MASSEY: You mean stud cattle?

Sir ROBERT SANDERS: Yes. It is only right for me to say that this applies to all breeding cattle, and that the strong feeling of the great majority of agriculturists is against making any further relaxation of the present system.

TERMS ON WHICH BRITAIN IS PREPARED TO FACILITATE TRADE IN PEDIGREE STOCK

So far as the majority of the Dominions are concerned, geographical considerations must limit the importation of cattle from the Empire to Great Britain to valuable animals which will realize a high price. Having regard to the paramount importance of safe guarding the interests of our own breeders and our valuable trade in the export of pedigree stock not only to the Dominions but also to foreign countries, the British Government, while anxious to promote inter-Imperial trade and to give the best possible terms to the Dominions, would not feel justified in doing more than to undertake to introduce legislation to facilitate the exchange of pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

THE UNJUST IMPLICATION OF THE 1896 ACT

Mr. GRAHAM: Mr. President, I am not sure just why a question of this kind should be brought before the Economic Conference unless it be to provide a jury at the trial of this question. This matter was threshed out for a great many years Canada strongly objecting that the reason given for shutting out her cattle that they were diseased, was not founded on fact, and full investigation has proved the truth of the contention. There was no reason in our mind to exclude Canadian cattle for very many years under the Animals Diseases Act. Now, it has been stated that it is an eccentricity, I might call it, of British jurisprudence, that you often call things by their improper names in the title of statutes, as the question of protecting children in the Cinemas, etc. Well, in that case, there was no stigma placed on cinema men, the Act was careful in its title—true, to make it mean something it did not mean—but it was careful not to place any stigma on the business of the cinema men. But in this case for many years we have suffered under the allegation that cattle disease was rampant in Canada, which was not the case. I might add just here that, although in a measure the embargo has been lifted, portions of our cattle under the enforcement of regulations are still suffering from the stigma, because, when an inspector, in classifying the cattle landed, declares that any cattle come under what might be called the "fat class," they are slaughtered on the docks as if they were diseased cattle under the Animals Diseases Act. There is no pretension by anybody that there is any disease in the cattle, they are not slaughtered because they are diseased, but are slaughtered because they are considered not to come under the technical stocker class. We think that is an incongruity and an injustice.

CANADIAN DISAPPOINTMENT WITH THE 1922 ACT

To come down to 1922, I must say with brutal frankness that the Canadian people are very much disappointed. After arriving at an agreement with the

British Government along certain lines, we are disappointed to find out that the statute passed did not comply with the terms of the understanding. There was a restriction defining "store" or "stocker" cattle placed in the Act, which was not considered, I believe, at the Conference between the Finance Minister of Canada, the Minister of Marine and Fisheries, and the British Government. It has been stated that that was introduced by a private member, and while I do not wish to criticize it, as that is the business of the British Government, I am inclined to think that, if the Government had resisted the amendment, it would not have been pressed, much less passed; but that is the business of the British Government. Now I pass on to the present difficulty, because, if the Act had been passed as was discussed at the Conference, it would have left the door much wider open. I admit that there are difficulties in passing statutes, in enacting statutes in Parliament, perhaps on the inside that may not be discernible on the outside. I have had experience along that line myself.

We have arrived at this stage. We do think that the Act, or that portion of the Act providing for the admission of breeding cattle or cattle capable of breeding should be made operative. It must have been so intended, else it would not have been placed in the statute, and we feel that, we cannot press it further, it is a fact that the British Government is not complying entirely with the understanding arrived at between the two Governments.

SPIRIT OF 1922 ACT NULLIFIED BY INSPECTION SYSTEM

A matter that has not been mentioned is this. Provision has been made now for classification as between stockers and fat cattle, and we contend that that was not anticipated in the Conference. But even under the statute as passed, which contained the new restrictive clauses, this inspection has been carried on, not only with a detrimental effect to the Canadian cattle trade, but with an injustice to the Canadian cattle trade. Stockers have to comply with certain restrictions, branding, detention and that kind of thing, to which fat cattle are not subjected. Then stockers have to be kept separate from fat cattle, and there are various restrictions to which what we call fat cattle are not subject. These cattle that are shipped as stockers from Canada arrive at the port in Great Britain, and it is our contention, we think based upon fact, that the spirit of the Act, the spirit of the arrangement is not being carried out, but is being nullified by the details of the inspection. In other words, that cattle that are really stockers or store cattle, and capable of being fed for weeks and months with great improvement, are placed in the category of fat cattle when they arrive here, and are not even allowed to be taken a few hundred yards to another abattoir, but are slaughtered on the docks. They are slaughtered under the Animal Diseases Act (though they are not diseased) with great detriment to the reputation of Canadian cattle. Further, these animals, which we contend are not fat, are slaughtered, and their carcases must be sold. Canadian meat of an inferior quality is thus placed on the market. It is not fed up to the point of superiority of which it is capable, and Canadian beef is put down as an inferior article because the cattle are called fat by an inspector and slaughtered, that neither we in Canada nor you in Great Britain would under any other circumstances think of slaughtering for the market.

It is not out of place for me to give a detail or two. Several head of cattle were sent over here a few days ago by the Canadian Government as store cattle, cattle that in our country would be considered stockers, cattle that I have no hesitation in saying your farmers would call stockers if they owned them, and would feed them at least until the Christmas trade arrived. There were some sixty of these. They were all eventually put down as fat cattle and slaughtered,

showing a distinct conflict of opinion between our experts in Canada and the inspectors here. I could give other details.

Another question has been raised which I do not think was ever in the mind of the British Government and that is, inspectors have undertaken to say not only that cattle are too fat, but that others are too poor. Surely that was not the intention that the inspector was to classify an animal as one that should not be sold to a farmer to fatten if he wanted to buy it. There was in one shipment of cattle carried recently quite a number of exceptionally poor catttle. I had hoped to have had the photographs of them here to-day, but they have not arrived. These cattle were not considered too fat. They were considered too poor and not of the proper class of cattle for the British farmer to fatten. That surely is an intervention with trade not contemplated in the Act. To my mind under that statute the inspector would have just as much right to inspect a horse of mine that I was selling over here and to say it was not fit for the market. The idea and the whole intention of the Act was that cattle should come over here to be fatted, and the class of animal would be a thing between the farmer here and the seller in Canada. I only mention that to show to what extent the inspection goes.

I do not know that I need go into any more details. We are thoroughly disappointed. I could read much stronger language than I would think proper to use, but we feel that not only are our farmers disappointed after being shut out of the market for thirty years on account of diseases which did not exist, but that the agreement made is being disregarded. The door opened, cattle were coming in freely, and were being sold and purchased rapidly by the farmers here for fattening, but all at once, the door is in a measure closed. Now the shutting out of these fat cattle or of cattle that are called fat by inspectors, is of far greater moment than it may appear. It has this result—that the raisers and stock-breeders in Canada are beginning to think that there is no use in endeavouring to take advantage any more of this market, because they do not know whether an animal will be declared fat when it gets over here or not, and the slaughter of all these animals so declared to be fat animals, but which we contend are not, has always been done not only with loss to the immediate interest, but to the detriment of the good name of Canada and the beef which our best cattle produce.

A suggestion was made by the Minister of Agriculture as to an arrangement for the interchange of pedigree stock. Possibly it would be of some benefit, but it will not cure the situation as to the exclusion of our good grade stock which might be capable of breeding. But the immediate trouble, and the greatest disappointment we in Canada have, is the fact that cattle we send over as we believe under the statute are classified so as to nullify much of the good that should come to our trade under the statute.

ALLEGED DISCRIMINATION BETWEEN DOMINIONS

Then we cannot see why we should be used differently from any other Dominion. We would not at all say that any other Dominion should be deprived of anything it has on our account. Not at all. But we believe if trade is to be Imperial the benefits must be reciprocal. It is a fact so I am informed, and is publicly stated in our Press, in an interview with the Montreal *Gazette* (perhaps one of the sanest newspapers in the British Empire) that Canada's cattle do not receive the same treatment as at least one other Dominion in that their cattle after certain days of quarantine in England are allowed to be sold anywhere either as stocker or fat cattle. All those restrictions are put against our trade. As I said in the first place, I am not sure this should be dealt with at the Conference as it is a matter between the Canadian Government and the British Government.

I have endeavoured to place our side of the case as dispassionately as possible before the Conference. We think the spirit of the Act is being nullified by the system of inspection, and that the advantages which were intended to be had for Imperial trade are not being experienced; and as a result of it all, the Canadian farmer feels greatly aggrieved and greatly disappointed in that he is not getting what he was assured he was to get in the way of freedom of entry for his cattle into the British market.

SUGGESTION OF DISEASE IN AUSTRALIAN CATTLE REPUDIATED

Mr. BRUCE: Sir Philip, I have very little to say with regard to this matter. It is one which primarily concerns Canada. There is one point, however, to which I wish to draw attention particularly in view of the last few words that Mr. Graham uttered. He said he did not see why Canada should be treated differently from other Dominions. It is suggested that, while there may be some questions upon which there is a difference of opinion, Canada is being treated very advantageously as against any other Dominion at the present moment. Really that is the only point that I want to raise, and I do want to utter a protest with regard to it. Under the Diseases of Animals Act, 1896, our cattle are excluded from this country, and there is an implied suggestion that there is some disease in Australian cattle. That I absolutely repudiate, and say that there are no possible grounds for any such suggestion. I appreciate all that Sir Robert said at the beginning as to the naming of Acts and so on, but none the less the position is one which I want to utter a protest against.

AUSTALIAN ATTITUDE ON GENERAL QUESTIONS

As to the actual question under discussion, we have nothing to say about it. It is true that it is not a trade with which we are actually concerned, but we certainly do want to maintain the position which we have taken up very definitely indeed with regard to our own country, that we have a perfect right to take whatever action we consider necessary in the interests of our own particular producers. We take a very definite stand on that, that nobody is entitled to dictate to us what we shall do for the protection of the people who are our own particular producers. Taking that view, we certainly could not think of attempting to force any other Government to take any action which was against the interests of their own producers. I think we accept that as a fundamental principle that we are prepared to adhere to, and naturally we could not express any views which could be interpreted as trying to force somebody else to do what we are not prepared to do ourselves.

Mr. MASSEY: I hardly think that New Zealand is very seriously concerned in the shipment of livestock from that country to Great Britain. I do not think anything of the sort is possible; the voyage is too long. Of course, in saying that it is well to admit that stud stock are occasionally carried from England to New Zealand and a few the other way. Every year a certain number of horses and cattle are shipped, and I suppose that will continue.

Sir ROBERT SANDERS: The trade in horses is perfectly free.

Mr. MASSEY: I am glad to hear that.

THE QUESTION OF DISEASE

I just want to emphasize the point which has been referred to by the Prime Minister of Australia. So far as disease is concerned, we have practically none. I want to qualify that by saying that I believe we have some tuberculosis in our cattle just as it is found in every other country in the world.

There is no country that I know of free from tuberculosis, but in stock we have no such thing as foot and mouth disease, and I know you have had it here pretty often. We have no anthrax; I have heard of that in the United Kingdom. I am glad to think that measures have been taken to stamp them both out. So far as I know, neither of those diseases is prevalent in England at present.

THE ADMISSION OF ANIMALS FOR THE EMPIRE EXHIBITION

Horses are not affected by what is proposed, but I want to raise this point. You have a big exhibition coming on here next year, which I hope will be a tremendous success, and, if so, I believe it will do every country in the Empire a great deal of good. What are you going to do with regard to stock coming over for that exhibition?

Sir ROBERT SANDERS: There is a clause in the Act of 1896 by which the Board may make such orders as they think fit for allowing the importation of foreign animals for exhibition purposes.

Mr. MASSEY: Will there be permission to dispose of them in this country? I may say I was consulted about this before I left New Zealand, and the opinion I expressed was simply that I hardly thought either cattle or horses would be sent to England for exhibition purposes. The expense would be too great. New Zealand is one of the countries where stud stock does not deteriorate. I believe we could, with advantage, ship you some specimens of sheep that would be an object lesson to Britain. I am speaking of the breed peculiar to New Zealand—Corridales. They have spread very rapidly all over the Dominion, and they are useful both for mutton and for wool. I should like to know something definite about it. I do not say our people do not want to send horses. I only say that, in my opinion, it would not be worth while. You have had very good horses imported from New Zealand before to-day. I would like to know what is going to be done definitely with regard to the animals coming from overseas for the Exhibition, whether they would be allowed to be disposed of here, because it would be of no use bringing stock here and intending to take them back. Very few people could stand the expense, and I would not be inclined to encourage it.

Sir ROBERT SANDERS: They would be in very small numbers.

The CHAIRMAN: The Exhibition would not hold a great lot of them.

Mr. MASSEY: I presume each country finds room for its own exhibits.

DUKE OF DEVONSHIRE: I am not speaking as Colonial Secretary now, but as connected with the British Empire Exhibition. If you send the stock and it is allowed to come by the sanitary and local authorities of Wembley, who may have to be consulted in the matter, I will undertake to say that you will be able to get rid of it to the best advantage you can.

Mr. MASSEY: That is something definite, and I am very glad to get that. It would not be satisfactory if I could not tell New Zealand something definite when I go back.

THE BEEF MARKET

There is another point. I am raising this in the interests of British agriculturists as well as my fellow citizens. If they want to benefit themselves let them look at the fact that South America is gradually taking possession of the whole beef market in Britain. That is the position to-day. I can only speak from memory, but I believe that last year 5 million quarters of beef came into this country from South America, and I know perfectly well that the British farmer cannot produce fat stock—I am speaking of cattle—anything like so cheaply as the man in the Argentine can, or one of the other States there, and

send it to England. I am interested, of course, as representing a great producing country, but I think the interests of the British agriculturists come even before those of the New Zealand farmer, and are very much more seriously affected. I am not worrying about lamb and mutton. We can beat them in lamb and mutton every time, but we simply cannot stand up to them with beef. I have advised New Zealanders to drop the shipment of beef and go in for something else. I do not know that I have anything more to say. I am very glad to have this statement from the Duke of Devonshire with regard to the exhibition of stock which New Zealand is inclined to send.

SOUTH AFRICA INTERESTED IN EXCHANGE OF PEDIGREE STOCK

Mr. BURTON: This seems to me to be really a matter for settlement between the Dominion concerned and the British Government rather than for this Conference. I have nothing to say about that, but I should just like to say that I welcome the statement made by Sir Robert Sanders with regard to the promise to facilitate this exchange of pedigree stock. As far as I am aware that would be of considerable value to South Africa, and I look at it from that point of view.

Mr. RIORDAN: As the statement made by Sir Robert Sanders in no way affects the interests of the Irish cattle trade, I shall not delay the Conference with any further remarks.

Mr. INNES: I have nothing to say. India has no grievance in this matter, and I cannot comment in any way on the difference of opinion between His Majesty's Government and the Dominion of Canada.

REMOVAL OF EMBARGO AND INCREASE IN CANADIAN PREFERENCES

Mr. MACKENZIE KING: I the first place, I would like to mention again what I said at the opening meeting, that we appreciated in Canada the difficulties with which the British Government was confronted in this matter, and appreciated sincerely the action of the Government in seeing that the embargo was removed, giving admission to our cattle. We wished to do something more than give verbal appreciation of that action, and we increased the British preference, amongst other things, in the hope that the British public would realize that having met us in a matter in which we were vitally concerned, we, in like measure, would like to meet them in a matter which was of concern to British interests. We increased our preference by giving an additional 10 per cent discount on the existing preferential duties on all goods coming through Canadian ports. I want to make it clear that this was done largely as the result of the action of the British Government in respect to the admission of our cattle. We intend to hold to what we have done. Our attitude in the matter of preference is one of trying to further as much as we can inter-Imperial trade.

THE SPIRIT OF THE AGREEMENT SHOULD BE ADHERED TO

The point which I think we would stress most strongly—and it is a point, I think, which is felt equally on this side—is the importance of carrying out whatever agreements may be reached in the spirit as well as in the letter. We have no desire to do other than live up to an agreement that we have made, and we expect the British Government to adopt the same attitude, not only by itself and its Ministers, but through its officials. We think the officials should be definitely instructed as to what is the agreement and understanding in this matter. As Mr. Graham has pointed out, there was a definite agreement made between the Ministers of the Crown of Canada and the Ministers of the Crown

here, as to what was to constitute the provisions of an Act of Parliament. That agreement was altered somewhat by an amendment of the Act. That was a disappointment, but we realized that the Government had its difficulties in a measure of this kind when it came into the House of Commons and the House of Lords.

THE QUESTION OF BREEDING CATTLE. A FURTHER DISAPPOINTMENT FOR CANADA

However, the Act itself stands for the voice of the British Parliament, and at the moment we find a further disappointment in that the Minister of Agriculture tells us distinctly that, though the Act has a clause referring to the admission of breeding cattle, which has been framed with a view to giving practical expression to another phase of the agreement, he will find it impossible to introduce the Order which would give force to that clause of the Act and make it of service to us. That must necessarily occasion another considerable disappointment. It distinctly cuts down the value of the legislation and distinctly limits what we hoped and expected would be the outcome of the agreement.

THE INSPECTION DIFFICULTY

Now, as to the difficulties, there again let me say that our Government are prepared to be as considerate in every particular of the difficulties with which the British Government is confronted as can reasonably be expected, but there is a limit to which consideration can go. If the Act in its provisions is to be whittled away clause by clause and what is left to be completely whittled away by the method of administration, of what avail is it? That brings me to the last point, namely, the administration and regulations in regard to the admission of store cattle. As Mr. Graham has pointed out, that is really very serious, because it affects our cattle in two ways. In the first place, it brings back a certain stigma which the Minister has rightly stated was never justified, and which the British Government is anxious to have removed completely, and, in the second place, it gives our beef in the British market a reputation which it does not deserve. Indeed, it may conceivably help to destroy the very trade it was intended to further. If we send our cattle in as store cattle, lean and thin, and with the intention of having them fattened here, and they are slaughtered immediately and put on the British market as Canadian beef, it will not take very much in the way of marketing that kind of beef to destroy any reputation our cattle may have. One can see how the farmers of Canada would naturally be very sensitive on a point of that kind. I believe if the Minister of Agriculture will say that in the carrying out of the legislation he will see that instructions are given to his officials to the effect that the spirit of the law must be lived up to, and that Canadian cattle coming in as store cattle must not be put into a classification into which they should not properly be placed, he will go a long way to remove what Mr. Graham rightly referred to as a feeling of great disappointment and some indignation at the moment. I think it is entirely to the interests of British trade with Canada and our trade with Britain that irritations of that kind should not be permitted to develop. If they start on one side there is apt to be retaliation on the other, whereas all that we want is to carry out whatever agreements we have in a spirit of goodwill and liberal interpretation.

A CONCRETE CASE

I might mention a concrete case that was brought to my attention this morning, of a shipment of cattle that was sent over from Canada to two different ports. The single shipment was divided into two lots, one lot of fifty

being sent to one port and the other lot to another port. At the one port those stockers were classified as fat cattle and slaughtered immediately. At the other port they were admitted as stockers and so regarded.

The CHAIRMAN: All out of the same lot?

Mr. MACKENZIE KING: Yes, all out of the same lot. I do not mind saying that our shippers are anxious to find out how the law is being administered. This, I believe, was done designedly by one shipper, who divided his shipment into half and sent half to each of the two ports; at the one port they were slaughtered immediately, at the other port they were admitted and regarded as store cattle. That is an actual fact within the past week. It bears out what I say, that some of the officials of the departments are evidently over-zealous in taking a certain course, at some ports at least, and I think that what is most needed is that the Government itself should make known to its officials the view that was expressed by the Government to our own Ministers.

THE NEW ZEALAND INSPECTION SYSTEM

Mr. MASSEY: In order to remove any possible misapprehension, I should like to say that every animal in New Zealand that is intended to be slaughtered is inspected while alive by a thoroughly qualified veterinary surgeon; and the carcase is afterwards inspected by a veterinary surgeon, and if there is the slightest indication of disease—and there is only one disease possible—if there is the slightest indication of tuberculosis, the carcase is sent to the manure works, and there is the end of it.

After some further discussion, the Conference decided:—

(*a*) That steps should be taken to promote inter-Imperial trade in pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

(*b*) That a conference should be arranged between representatives of His Majesty's Government and the Canadian Government to consider the question of the administrative interpretation of the terms of the Importation of Animals Act, 1922. The Minister of Agriculture and Fisheries undertook to make the necessary arrangements.

FORESTRY

The discussion on this subject took place at the Eighteenth Meeting, held on the 2nd November, 1923.

The Conference had before them a Memorandum I.E.C. (23)—44 (see page 545) by the Forestry Commission, embodying the Resolutions of the British Empire Forestry Conference, 1923.

Lord LOVAT, Chairman of the Forestry Commission, in opening the discussion, said that these Resolutions were adopted by technical foresters representing Great Britain, the Dominions, India, and the majority of the Colonies and Protectorates. As regards the supreme importance of forestry in the Empire there are 11 hundred million acres of forest land; the value of the internal and external trade is approximately 150 millions a year and timber is one of the most important raw materials.

THE EUROPEAN SOFTWOOD POSITION

Softwood (which means coniferous timber) represents some 80 per cent of the imported commercial wood used in the Empire. The great reserves of coniferous timber of the world are situated in the Northern Hemisphere, and (as regards the United Kingdom) Russia has in the past dominated the position. At present 250 million acres in Russia are out of commission, and of this total the 40 million acres of commercial and normally accessible woods, which have always been overcut, are apparently being further reduced. Of the Baltic nations Sweden is the only one which is growing timber at a greater rate than she is cutting it. The present maximum figure for exportable timber from Northern Europe is something under 2 billion (that is to say 2 thousand million) cubic feet per annum, and Great Britain's requirements are some 650 million cubic feet per annum.

DEPLETION OF UNITED STATES FOREST RESOURCES

In Northern America, where the remainder of the great sources of accessible softwood exist, the United States dominates the position. They use something like 24 billion cubic feet per annum, including 8½ billion cubic feet of softwood saw-mill timber. They have reduced their virgin forests from 822 to 137 million acres, and are continuing to fell them at the rate of 5½ million acres per annum. If in consequence they were to go to Europe for even a small supply, prices in Europe might be seriously affected.

VIRGIN SUPPLIES OF SOFTWOOD TIMBER DRAWING TO AN END

In short, the time in which the Empire can rely on the virgin supplies of the world for softwood timber is drawing to an end. He did not want to exaggerate his case. Obviously, before the starvation point was reached prices would go up and the *per cap ita* consumption diminish. But this meant a considerable rise in price, and that would be a serious outlook for some of our Empire industries.

DEFINITE EMPIRE FORESTRY POLICY REQUIRED

After a careful review of the whole position the 1920 and 1923 Empire Forestry Conferences laid down as the first essential the importance of having a definite forestry policy based on a survey of resources to give driving power to carry the policy into effect.

The 1920-1923 Conference laid down that it was necessary to define forest policy in a Forestry Act or Ordinance. In addition it would be necessary that a survey should be made which would make clear for all time which is agricultural and which is forestry land. Nothing is more disastrous than changes of policy in this respect. Again, it is essential that there should be funds to carry out the policy over a period of years, for in forestry long views must be taken: the crop does not ripen for 30, 50, 60 or 80 years, and during periods of stringent economy the first thing likely to disappear is that which will not produce immediate visible results.

Another essential is that the forest officer should be independent of local politics and have an assured position; and for those parts of the Empire which have not got responsible Governments there should be an organized body of foresters.

Lord Lovat called special attention to Resolution No. 2 of the 1923 Conference, which reads as follows:—

> "In view of the great and increasing drain on the softwood forests of the world, it is incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber."

In regard to the question of Empire Trade, the opinion of the Empire Forestry Conference was that probably there cannot be any very great change of the softwood line of trade from the one great softwood Empire reserve, Canada, because it will naturally, as the United States is cut out, trend to the United States. Already a very large proportion of the capital which is sunk in working lumber and pulp in Canada is United States money. It is a short haul, the knowledge of the markets is there, and a great many of those who are carrying out timber operations in Canada are Americans.

THE POSITION WITH REGARD TO HARDWOODS

In the case of hardwoods, the position is different, and Lord Lovat hoped that the Duke of Devonshire would lay before the Conference a letter which had just been received from the School of Forestry in Yale University. It was the belief of the Forestry Conference that the possibilities of development of the hardwoods of the Empire were likely to be important. What was essential was a knowledge (1) where the merchantable hardwoods were, the amount which could be got, the cost of extraction and (2) the use to which they could be put when exported.

FORESTRY CONFERENCE'S PROPOSALS FOR ACTION

With regard to the proposals of the Forestry Conference for active measures, in addition to those already referred to, Lord Lovat emphasized the importance of forest products investigation. At the Madison Laboratory they have an organization which investigates every species of timber in the United States, and, in addition, the timber of the southern portion of North America. They believe that many of the hardwoods of the British Empire will have to be used to supplement their own hardwoods. The view of the Forestry Conference was that there ought to be Empire co-operation in this matter, some central authority to oversee and allocate the lines of inquiry at existing laboratories.

CENTRAL TRAINING INSTITUTION FOR FORESTRY

Finally, Lord Lovat referred to the subject of a Central Training Institution for Forestry, a step which has been twice recommended by Imperial Conferences. It was thought that Great Britain should be selected for the first central place of training for advanced courses, because in Great Britain alone in the Empire there are woods of sufficient age that a whole rotation of a species can be followed. Great Britain is also in close touch with the continental forests. Subsequent places of training would have to be instituted where they could give *ad hoc* instruction, i.e., in particular areas for particular forms of applied silviculture; Canada for forest engineering, &c.

RESOLUTION SUBMITTED

Lord Lovat then submitted the following resolution:—

> "That the Imperial Economic Conference accepts the resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for action."

The Duke of Devonshire said that it was only necessary for him to give Lord Lovat and the Conference an assurance on behalf of the British Government and the Colonial Office that everything possible would be done to support progress in forestry matters. He then laid before the Conference the letter referred to by Lord Lovat, from the School of Forestry, Yale University, which illustrated what Lord Lovat had said about the increasing shortages of hardwoods in the United States, and showed that we had the possibility of supplying it if we turned our resources to the best account.

In the course of discussion it was pointed out that there had been no time, in view of the necessity of bringing matter before the Imperial Economic Conference before they adjourned, to work out the financial side of the proposal, or to clear up certain details as to procedure; and it was agreed that some verbal modifications in the Resolution before the Conference would be necessary to cover these points.

Mr. Graham said that he had just been going to raise the question that had been raised as to the inability of the Conference to accept the Resolution as it stood until they knew what was involved in the matter of finance. He wished to say that Canada had considered it a great honour to have had the Empire Forestry Conference in that country. There had been some years ago a Conservation Commission which had looked into forestry resources among other things; that Commission had now ceased to exist, but its work had been delegated to different departments.

THE RIGHTS OF THE CANADIAN PROVINCES IN REGARD TO FORESTRY

In considering the terms of the Resolution it would have to be borne in mind that most of the Provinces in Canada owned their own natural resources, and the Resolution could therefore only be advisory in form, since the Federal Government had no control over forests where the Provinces owned and controlled their own natural resources. It was true, however, that the Federal authorities made Dominion-wide investigation as to the resources and as to the policies that ought to be adopted. At the present moment, for example, the Commission was investigating the whole situation in regard to the pulpwood territory of Canada, with a view to making some recommendation to the Federal Authority, and while each Province looked after its own fire protection the Air Board (now the Department of Defence) had been doing protection work from the air. No doubt proper care had not been taken in past years: there had been such a quantity of timber that it was not protected as it should have been.

As regards education, there were in one or two of the Canadian Universities forestry schools, but it might be true, as Lord Lovat had suggested, that more ought to be done in this direction by some institution established in Great Britain.

A PRACTICAL DIFFICULTY

He illustrated the kind of difficulty which arose in connection with any widespread policy of the kind they had in mind by the case of settlers in the Provinces of Ontario and Quebec, whose only subsistence at the early stage of their settlement was the selling of pulpwood from their farms as they cleared them for occupation. Consequently, any step to limit the export of pulpwood grown on these farms would, in effect, prevent the settlement of these lands.

CANADIAN SUPPORT FOR AN EMPIRE FORESTRY POLICY

They were prepared in Canada to do everything possible to assist in preservation of their forests, and, further, to develop trade and forest products

between Canada and other parts of the Empire, and he believed that the market for Canadian forest products in Great Britain would develop as the possibilities of Canadian timbers became more widely known.

AUSTRALIAN INTEREST IN THE QUESTION

Mr. BRUCE said that in Australia they were very much interested in the question of forestry, for, as in most other countries, it had been seriously neglected in the past. In particular, the seriousness of the position as regards supplies of softwood was beginning to be realized. The Commonwealth Government controlled forestry questions only so far as concerned its own two particular areas. Otherwise, the matter was wholly controlled by the States, except that the Commonwealth also dealt generally with the question of forest production. He could go so far as to say, however, that he would discuss the whole question with the States, and bring under their notice any resolution that the Conference might pass.

THE GREAT IMPORTANCE OF THE SUBJECT EMPHASIZED

Mr. MASSEY said that he thought that the subject now before the Conference was one of the most important that they had had to deal with, and he though it a pity that more time was not available to go thoroughly into details with regard to it. In his view it would be for each country to provide its own finance. Perhaps more had been done in regard to forest work than the different countries got credit for; in New Zealand, for example, they had been planting for quite a number of years. Formerly the forests of timber in New Zealand had been very seriously depleted. Up to about a generation ago some of the best timber was grown in the New Zealand bush, but the settlers simply chopped it down and burnt it. According to an estimate of the Forestry Department the standing timber in New Zealand was worth about £38,000,000, and there was still a considerable quantity of the magnificent building timber, Kauri Pine, which took about a thousand years to grow to maturity. There was no question that supplies all over the world were steadily diminishing, but he thought it must be borne in mind that the price of timber as it increases would encourage further planting. As regards turning timber land into agricultural land, that seemed inevitable. New Zealand required agricultural exports even more than she required to conserve her timber, though where possible, timber should be used up first. He thought that the Resolutions of the Canadian Conference, and the discussion which had taken place that afternoon, would do good.

Mr. BURTON agreed as to the enormous importance of the subject. He could not conceive of the Conference doing anything of greater importance than taking every possible step for the development of afforestation and the care of the already existing forests. Some very useful proposals were made by the 1920 Conference, which were set down under the heading, Constitution, Status, etc., all of which were already embodied in the South African practice.

In South Africa they were extremely jealous of allowing any forest land to be turned to agricultural purposes. In his opinion, the whole management, organization and control of the forestry of the country should belong to the central Government, and unless that were so it was never going to be done successfully. He understood that the suggested Forestry Bureau was now to be undertaken by the Imperial Institute, and that the training at Oxford was a matter for the British Government. He had always been a keen advocate, not merely of the conservation and preservation of their existing forests, but of afforestation generally, and more particularly of conifers, in which much was being done in South Africa. As far as the Report was concerned, he gave it his hearty support, and suggested that they approve of it in general terms.

RESOLUTION AMENDED

In order to meet the points which had been raised during the foregoing discussion, the Chairman suggested that the Resolution should be amended so as to read as follows:—

> "The Imperial Economic Conference accepts generally the Resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for their favourable consideration."

Mr. RIORDAN said that the Irish Free State Minister of Agriculture was proposing to introduce very shortly a Bill in connection with forestry, which it was expected would lead to good results.

NEWFOUNDLAND'S INTEREST IN THE PULP INDUSTRY

Sir PATRICK MCGRATH strongly supported the general principle of the Resolutions, and sincerely hoped that something practical would result. In Newfoundland in the past twenty years the production of pulp and paper had been developed so as to become the second most important industry in the country. They were at present producing 200 tons of paper a day, which would probably, within a few years, be increased to something like 1,000 tons. This meant that they would soon have seriously to consider vigorous measures for reafforestation.

A FOREST POLICY LONG ESTABLISHED IN INDIA

Mr. INNES said that the amendment made in the Resolution moved by Lord Lovat had removed certain difficulties which he had felt originally. Those difficulties were due largely to the fact that, as in Australia and Canada, the forests in India were vary largely committed to the care of the Provincial Governments, and that the Government of India could not have directed the Provincial Governments to accept any resolutions on the subject. Another difficulty arose from the fact that the Government of India had not yet seen the Report of the Empire Forestry Conference. The Report seemed to him to be very valuable, and he did not think that the Government of India would find any difficulty in accepting the principle of the resolutions proposed. As a matter of fact, they had in India anticipated to a large extent some of the most important of those Resolutions. For instance, they had had a forest policy 1859, and every one of their Provincial Governments had a highly organized forest service. They were quite accustomed to dealing with such matters as the reservation of land for forests, and it was not their policy, once they had reserved land for forests, to release it again for agriculture.

THE PROPOSED TRAINING INSTITUTION

The only other point to which he wished to refer related to the proposal that there should be a central institution for post-graduate and specialized training in forestry. He understood from what Lord Lovat had said that that proposal did not mean that they were in any way bound to train at such an institution their probationers for the Indian Forest Service. Provided that were clearly understood, he though it possible that the Government of India might find the proposed central institution valuable for advanced post-graduate training for selected probationers of their Dehra Dun College, and also for refresher and specialist courses for their forest officers.

HELP FROM IMPERIAL GOVERNMENT ESSENTIAL TO DEVELOPMENT OF COLONIAL FOREST RESOURCES

Mr. ORMSBY-GORE said that this question was one of the most important from the point of view of the Colonies and Protectorates which had been raised at the Conference. He must say, quite frankly, that the Colonies which were poor and undeveloped like British Guiana and British Honduras could never contribute to the proposed central work here unless they in return got very substantial assistance from the British taxpayer in the necessary work out there. He gave, as an instance, British Honduras, which had completed a survey in October, 1921; this was of immense value to our premier mahogany-producing colony, which produced the finest quality mahogany in the world, and the one which was specially selected for aeroplane propellers, and this was a result of the British Treasury giving a grant of £1,000.

As regards British Guiana the Colonial Office could not do anything. The finances were in the hands of an elected majority, and all too little had been done. Six-sevenths of the area of British Guiana was virgin forest containing some of the most valuable timbers in the world, and with the exception of greenheart which predominated and which was heavier than water, and a hard wood, very little was known about the use of these woods. There had been no survey of the colony either mineral or forest. The Colony's total revenue (a country bigger than the British Isles) was less than one million, and if anything was to be done to develop, in the interests of the Empire, a Colony of that kind, it could only be done by full Imperial co-operation, financial and otherwise. He hoped West Africa would be able to contribute. Mr. Unwin's book which had come out this year, "West African Forests and Forestry," was an eye-opener to him, both as to the character of the timber that already existed there and as to what could actually be grown. He hoped that Lord Lovat's efforts and the efforts of the Forestry Commission to develop an Imperial and not a merely local view of forestry would be crowned with results. He would do everything he could to induce Colonies, in so far as they were financially able, to help, if in return they could get help from the Imperial Government, but he hoped that no more would be asked from the Colonies than the contribution which they were going to pay to the Imperial Institute, which was going to be the same as all the rich Dominions and India combined. He was glad that Lord Lovat had brought out to the world, and he hoped it would go out to every Colony, what the problem facing the world was.

AMENDED RESOLUTION ADOPTED

The Conference then adopted the Resolution in the amended form as given above.

FORESTRY

MEMORANDUM BY THE FORESTRY COMMISSION (I.E.C. (23)—44)

1. In continuation of the introductory Memorandum on forestry submitted in April last (Appendix I) the Forestry Commissioners beg to present the following Statement with reference to the recommendations of the Empire Forestry Confrence which has been held in Canada in the interval.

2. The Conference was attended by representatives of Great Britain, India, all the Dominions and most of the important non-self-governing Colonies. Ample opportunities were afforded by the Canadian Federal and Provincial Governments for the inspection of Canadian forest resources and for discussion.

The Resolutions of the Conference, which are appended (Appendix II), explain in broad outline the work and findings of the Conference. It is proposed here to elaborate those subjects which are of general Empire interest, bringing to bear as well certain relevant information which the British representatives collected in a subsequent tour of the forests of the United States. These subjects are: —

(i) Forest Policy.
(ii) Softwood Resources.
(iii) Empire Trade in Forest Products.
(iv) Investigation into Forest Products.
(v) Forestry Education (Central Institution).

FOREST POLICY

3. Industry requires as raw material ever-increasing quantities of forest products. The increase is due not only to growth of population, but also to the greater per capita consumption. Thus in the United Kingdom the amount of wood and timber used per head of population trebled during the sixty years before the war and was still increasing steadily. Coniferous timbers (or softwoods) are required for structural purposes and for pulp for paper; broad-leaved timbers (or hardwoods) for special purposes and to a minor extent for pulp; and, finally, miscellaneous products (Minor Forest Products), gums, resins, tannins, fibres, etc., for various purposes. Detailed figures for all these materials are not yet available, but the following figures indicate the magnitude of the current trade in timber, wood manufactures and pulp.

TRADE IN TIMBER, WOOD MANUFACTURES AND PULP OF WOOD, 1922:—

	Imports		Exports (including Re-exports)	
	From Empire Sources.	From Foreign Sources	To Empire Destinations	To Foreign Destinations
	£	£	£	£
United Kingdom	6,323,000	43,145,000	1,234,000	1,375,000
Canada	102,000	3,524,000	3,[illegible]	21,439,000
Commonwealth of Australia	1,070,000	1,920,000	1,24[illegible]	72,000
New Zealand	300,000	12[illegible]	484,000	1,000
Union of South Africa	793,000	1,439,000	23,000	29,000
Newfoundland	18,000	9,000	121,000	2,000
India	830,000	864,000	411,000	161,000
Colonies and Protectorates*	456,000	1,052,000	361,000	439,000
	10,382,000	52,076,000	7,849,000	23,518,000
	62,458,000		31,367,000	

*Exclusive of British Guiana, British Honduras and certain of the smaller Colonies for which no recent information is available.

It will be observed that 83 per cent of the Imports were from foreign sources and 75 per cent of the Exports to foreign destinations.

In 1922 Empire imports of the most important Minor Forest Products amounted to approximately £8,000,000 and exports to £11,000,000.

4. It is a matter of elementary prudence for every country which is developing on the lines of Western civilization to ensure that materials of first-rate importance to industry shall be readily available at all times. The aim of

Forest Policy is to ensure continuity of supplies on a scale sufficient to meet prospective demands. Resolution No. 1 of the Forestry Conference reaffirms what may be called the fundamental creed of foresters.

The Commissioners believe that the future well-being of the whole Empire and its individual parts depends in no small measure on the effective incorporation of this creed into accepted political economy, and they recommend it to the Imperial Economic Conference in that sense.

SOFTWOOD SUPPLIES

5. Of the total quantity of wood and timber used in the trade and commerce of the World probably at least 80 per cent is softwood.

The great softwood forests are situated in the Northern Hemisphere, in Europe, Siberia and in North America. In round figures Europe is estimated to have 240 million acres of *merchantable* softwood forests; the area in Siberia is unknown, but the major portion is very difficult of access and unlikely to be of commercial value in the near future; the United States has 225 million acres (exclusive of Alaska), and Canada 234 million acres. Outside of Canada the Empire contains no large body of softwoods which is surplus to present—to say nothing of prospective—requirements. As regards the Empire the main lines of export of forest produce from the northern softwood forests are as follows: From Northern Europe to Britain, South Africa, Australia and India; from Eastern Canada to the United States and Britain; from the Southern United States to Britain, and from Western Canada to the Orient, India and Australia, to the United States and Britain.

6. The position as regards permanence of supplies from these softwood regions is far from satisfactory. As regards the European exporting countries, in Sweden and Finland only is the annual growth equal to the annual cut. Little authentic information is available with regard to the great northern Russian softwood forests which cover over 210,000,000 acres. The merchantable area is roughly 40,000,000 acres, but it is believed that the pre-war cut exceeded considerably the growth. The withdrawal of so large a body of timber from Commerce emphasizes the importance of every country maintaining reserves of its own.

In the North American softwood forests the inroads by felling, fire and insects, are very great; in the Canadian forests at the best they balance the growth, while in the United States it is estimated that they are 4·8 times as great for all classes of softwoods and 8·6 times as great for saw-timber. The position of the United States is in fact of supreme importance in considering this question of the Empire's softwoods supply.

Starting with some 820,000,000 acres of softwood and hardwood forest the United States have now approximately 470,000,000 acres of nominal forest. Of the latter area 138,000,000 acres are virgin forest, 250,000,000 acres are second growth, of which a very small proportion only is cared for systematically, and upwards of 81,000,000 acres are so devastated as to produce nothing until replanted. The great industries of the States are mainly in the east and the Atlantic forests have been depleted to meet their requirements. The procedure has been to work out one forest region and then to turn to the next most convenient region. The new region is attacked first on a small scale, the large export mill follows, production reaches its peak in a few years, remains steady for a few years more and then falls rapidly. After the small mill has completed the cleaning up process, production is practically at an end and sometimes insufficient for local requirements. First the New England and then the Lake States Forests were worked out. In ten to fifteen years the Southern Forests,

which now supply rather more than one-third of the total consumption of United States softwood timber, will have reached the same stage of depletion. Lumber is now being transported by rail 2,750 miles from the Pacific Forests and 1,200 miles from the Southern Forests to the Eastern manufacturing centres.

This systematic depletion of the forests of the Eastern United States has been met by the increasing importation of forest products from Canada. The table below shows how the United States have displaced the United Kingdom in the Canadian export market.

AVERAGE ANNUAL EXPORTS OF WOOD, WOOD PRODUCTS AND PAPER FROM CANADA

Values ($) in 1,000's

Destination	2 years, 1891-92	5 years, 1893-97	5 years, 1898-02	4½ years, 1903-07	5 years, 1908-12	5 years, 1913-17	5 years, 1918-22
United Kingdom	10,703	12,410	13,505	16,744	13,411	14,542	22,538
United States of America...	12,265	14,388	11,012	21,916	33,807	54,697	149,137
Other countries	1,417	1,679	1,952	4,313	5,957	5,754	18,196
Total ...	24,385	28,477	26,469	42,973	53,175	74,993	189,871

Well-informed American opinion views the position with misgiving and anticipates that it may be necessary for the United States in due course to come into the European market for timber as they have already done to a small degree for pulp.

Such briefly are the grounds on which the Forestry Conference was led to pass the Resolution No. 2 that it was incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber.

HARDWOODS AND MINOR FOREST PRODUCTS

7. *Hardwoods.*—The position differs materially from the softwood position. At present the demand is relatively small while the Empire possesses in its tropical and sub-tropical parts huge resources for which no adequate uses have yet been found. There are, however, distinct signs of a change. The United States are using up their hardwoods at 3½ times the rate of growth, there is an increasing tendency in certain districts to use hardwood sleepers in place of pine. The Madison Forest Products Laboratory is impressed with the situation and is turning its attention to the examination of tropical woods.

It is only reasonable to conclude that with the depletion of the softwoods and the better class temperate hardwoods, more and more recourse will be had to tropical woods, both because of their intrinsic merits and as substitutes for softwoods. There is undoubtedly within the Empire a large field awaiting development, but a considerable amount of systematic pioneer work is required first in taking stock of resources, and secondly in testing and bringing into commercial use timbers which are at present little known. The two should obviously proceed hand in hand.

MINOR FOREST PRODUCTS

So far as is known there is no special anxiety as to the future supply of the very numerous articles of commerce falling into this category. On the other hand British industries have shown a remarkable capacity to absorb new materials with distinctive properties, such as rubber, copra and palm oil, which were originally minor forest products.

The evidence produced at the Forestry Conference was to the effect that there was considerable room for development in the production of minor forest products and it was agreed that the subject should be especially considered at the next Conference.

EMPIRE TRADE

8. *Softwoods.*—As regards the trade in softwoods it does not appear that the main currents can be do deflected that the Empire can be made self-supporting. The indications rather are that one of them, the Canadian-United States current, is likely to increase until in due course there remains practically no surplus for export from North America. This statement is made on the basis of the present trend of development, which may be worth explaining in further detail.

As pointed out already in paragraph 6 the depletion of the forests of the Eastern States has rendered it necessary for the industries to seek fresh sources of supply, which the Eastern Canadian forests by reason of their accessibility have naturally provided. As regards timber the American consumer is less fastidious than the British, being content to buy 15 16 inch boarding as inch and to accept more defective material. A large proportion of the output of the saw-mills is of small dimensions, suitable chiefly for house building and does not find so ready a market in Britain. As regards pulpwood the United States pulp mills have found it desirable to import round about 1,000,000 cords in order to keep going or to conserve their own inadequate resources in growing wood. As regards pulp and paper, Canada exported in 1922 approximately 1,200,000 tons to the United States. These processes have resulted in the influx of American capital into Canadian forests and with it a close understanding of trade requirements.

So much for the present trend of development; if on the other hand Canada could devote to systematic timber production the enormous area of land suited to nothing else, she could produce sufficient softwoods to meet not only the needs of the markets of the United States, but also the normal requirements of the Empire markets.

In spite of the permanent character of the main trade currents a number of examples were quoted at the Forestry Conference showing that with a better system of Trade Intelligence an increase in the Empire Trade in softwoods might be secured. For example, fruit is carried from the West Indies and from South Africa to Canada in Swedish boxes; timber is imported by Japan from British Columbia to be sawn up and re-exported as boxes to the Malay States; Douglas fir timber similar to that growing in British Columbia is imported into Australia from Washington and Oregon.

Hardwoods and Minor Forest Products.—As regards hardwoods and minor forest products the markets to a considerable extent have yet to be developed. This subject is dealt with below under the heading "Forest Products Investigation."

PROPOSALS FOR ACTION

9. The Commissioners, on behalf of the Forestry Conference, venture to bring to the notice of the Imperial Economic Conference Resolutions Nos. 1 and 2 of the Forestry Conference, dealing respectively with Forest Policy and Softwood Resources and to suggest that both are of such importance as to warrant the attention and support of the Imperial Economic Conference.

Action in respect of both resolutions would then rest with the individual Governments of the Empire.

They have also the honour to submit the following proposals which call for co-operative action:—

(*a*) A systematic survey of the Forest Resources of the Empire.
(*b*) Forest Products Investigation.
(*c*) An improved system of Commercial Intelligence.
(*d*) An Empire Forestry Bureau.
(*e*) A Central Training Institution (Forestry) at Oxford University.

Certain of these proposals, viz., the Survey of Resources, Forest Products Investigation and the Training Institute are purely forestry questions; those relating to Commercial Intelligence and the Forestry Bureau are involved in wider questions which are already before the Economic Conference.

10. *Survey of Resources.*—Most of the delegates to the Forestry Conference were able to report that under the stimulus of the first Empire Forestry Conference (1920) a beginning is being made with this work, but it is desired to emphasize the importance of accelerating progress and of aligning the results of the survey with the investigations to be conducted at the Forest Products Laboratories of the Empire.

11. *Investigations into Forest Products.*—It is clear that a great deal more attention could be paid with advantage to those great forest resources which have either remained undeveloped or imperfectly utilized. It is a problem which is common to all parts of the Empire and calls for concerted as well as individual action.

The Forestry Conference, in discussing this question, had before them reports on the work being done in Great Britain, Canada, India (Dehra Dun), Australia, South Africa and other parts of the Empire and in the United States. There was complete unanimity in the view that the lead set by the United States of concentrating investigations at a Forest Products Laboratory was sound, and Resolution No. 7 emphasized the necessity of setting up such a laboratory for Great Britain and those non-self-governing parts of the Empire which have no laboratories of their own.

Subsequently, Lord Lovat and other delegates to the Conference visited the United States laboratory at Madison and were able to confirm at first hand the wisdom of the resolution. The Madison Laboratory is probably one of the most successful of its kind in the world, and it owes its success to the following among other reasons:—

(*a*) That it is under the direct charge of a responsible officer who has been given a reasonably free hand to concentrate on the work.
(*b*) That the laboratory has gathered up, co-ordinated and expanded the scattered work already in progress.

In the words of Colonel Graves, late Head of the United States Forest Service, "We made no progress until we got the work under one roof and organized it."

(*c*) While keeping fundamental research well in the foreground it has reached out into the commercial world inspiring it with the value of investigational methods and learning in return the nature of the problems with which the industry was confronted. In this way the confidence (and gradually the financial help) of commercial men has been obtained.

The experiences, so far as they go, of the existing Empire Laboratories are confirmatory.

The setting up of the laboratory in the first instance is a matter for co-operation between the Colonial Office as representing the non-self-governing parts

of the Empire, the Department of Scientific and Industrial Research and the Forestry Commissioners. But the proposed laboratory ought to render wider Empire services than those connected with home and colonial forest produce. By co-ordinating its operations with those of the laboratories at Montreal, Dehra Dun and elsewhere it should be possible to cover the whole field of work very effectively, to secure uniformity in methods and to prevent overlapping. By this means a very desirable stimulus could be given to the more systematic investigation and utilization of our very valuable forest resources.*

12. *Commercial Intelligence and the Empire Forestry Bureau.*—The Commissioners observe that the subject of Commercial Intelligence is before the Economic Conference, and they have, therefore, no comments to make except that the subject of Forest Products should receive adequate attention in the scheme which will doubtless be evolved, and that it will be necessary for the proposed Forest Products Laboratory to be kept in the closest possible touch with the Forest Products side of the work of the Commercial Intelligence organization.

* It will be understood that the income for this work would also be supplemented by any fees received from private inquiries or from Dominion Governments or British Government Departments in respect of work done specially to their order. Similarly, the Laboratory would be prepared to pay fees for work done to its order in analogous institutions in the Dominions, India or elsewhere.

The proposal to form an Empire Forestry Bureau originated at the First Empire Forestry Conference (1920) and was reconsidered at the Second Conference (1923). The recent proposals with regard to the reorganization of the Imperial Institute (I.E.C. (23)—13), were not then known, and the Second Forestry Conference considered it advisable, in view of the current financial stringency, to distribute the work of the Bureau, so far as was possible, between the Empire Forestry Association and a Standing Committee (Resolutions 5 and 6).

The paper submitted by the Department of Scientific and Industrial Research (I.E.C. (23)—16, pararaph 35) points out that a place should be reserved for the Forestry Bureau in the reorganized Imperial Institute and the Commissioners would support that proposal.

13. *Central Training Institute.*—The development of technical Education and Research in Forest matters has not kept pace with requirements. There has been a dispersal of effort with the result that at no place in the Empire is it possible adequately to train technical officers and research workers. This is a serious hindrance to forest development and was emphasized in Resolution No. 4 of the Forestry Conference. The debates on the subject showed clearly the desire of oversea forest officers to have in close proximity to the Continent of Europe a centre from which to study the result of the old-established systems of silviculture and methods of research.

The Report of the Conference Committee on this subject is appended (Appendix III).

The proposal to set up forthwith at Oxford a Central Institution for post-graduate training and research is founded partly on that need, but it is hoped that in due course other parts of the Empire will establish similar institutions for the development of special subjects: Canada, for example, for forest engineering; India for tropical forestry. The main cost of the Institution will fall in the first instance on the Forestry Commission and the Colonial Governments, but it is believed that the Dominion Governments and the Government of India may find it of practical value and worthy of some measure of financial support.

FORESTRY COMMISSION, 22, GROSVENOR GARDENS, LONDON,

October, 1923.

APPENDIX I

FORESTRY

Memorandum by the Forestry Commission

The forests of the Empire constitute two important natural resources:—

(*a*) In growing timber, which is the raw material for a vast number of industrial processes.

(*b*) In the soil, which by systematic treatment can be made to yield increasing amounts of timber and other forest products necessary for the continued prosperity and development of the Empire.

The following information is based on data supplied to the Imperial Forestry Conference held in London in 1920.

Extent, Distribution and Character of Forests

The total area is approximately 1,857,500 square miles, of which some 40 per cent (700,000 square miles) is classified as accessible and merchantable.

Canada has about 50 per cent of the total area, India 14 per cent, Nigeria and the Gold Coast 14 per cent, Australia and New Zealand about 8 per cent.

About half the total forest area is coniferous and half broad-leaved. The bulk of the former is in Canada, while the bulk of the latter is tropical in character.

Forest Products

As regards timber, the chief industrial demand is for softwoods (conifers), which provide not only constructional material, but also pulp for paper. From the point of view of local supply the distribution of coniferous forests is very unsatisfactory, and most parts of the Empire are importers and are faced with the prospect of increasing difficulty in securing supplies.

The consumption of hardwoods (broad-leaved species), while large in itself, is relatively small compared with conifers. The forests contain many hardwoods which have not yet been tried out in commerce.

In addition to timber, the forests supply many minor products, e.g., tannins, gums, resins, fibres, etc.

Trade in Forest Products

Apart from the large (but unknown) consumption locally of indigenous timber, the United Kingdom, as the chief importer, and Canada, as chief exporter, overshadow the rest of the Empire. The bulk (over 80 per cent in 1909-13) of the United Kingdom imports came from foreign sources (chiefly North Europe), and the bulk of the Canadian exports went to the United States.

Broadly speaking, all the other large units of the Empire import softwoods, the trade being largely in the hands of Scandinavia.

On balance it would appear that, large as are the forests of the Empire, the imports of timber exceed exports by some 150 million cubic feet per annum.

State of the Forests

There is a consensus of opinion that the present utilization of timber cannot be continued indefinitely, i.e., that while serious inroads are being made into the capital of the forests the efforts being made to secure regrowth are totally inadequate.

Proposals of the Empire Forestry Conference of 1920

The Conference put forward the following constructive proposals:—

1. A survey of Forest Resources, to be undertaken by each of the constituent parts of the Empire.
2. A scheme of Research for the guidance of individual Forest Authorities.
3. A scheme of Education in relation to the Home, Indian and Colonial Forest Services.
4. The formation of an Imperial Forestry Bureau for the collection, co-ordination and dissemination of information relating to forestry in all its branches (i.e., to trade in forest products, silviculture, forest protection, research, etc.).

Imperial Forestry Conference 1923

One of the functions of the Conference, which will be held in Canada during July-August, will be to review the position with regard to the proposals of the 1920 Conference. The period between the two Conferences has been one of financial stress, and, although a certain measure of support has been forthcoming for those proposals of the 1920 Conference which were of an Imperial character, the Forestry Commission has thought it advisable not to press them forward until the Second Conference has reaffirmed them.

At the 1923 Conference special attention will be paid to the questions of forest resources and trade, and it is hoped that it will be possible to present to the Imperial Economic Conference in October a statement of the position.

April, 1923.

APPENDIX II.

Resolutions of the British Empire Forestry Conference, 1923

The Conference passed the following resolutions which the Delegates undertook to bring to the notice of their respective Governments:—

1. *Forest Policy*

Believing them to be well-founded, this Conference reaffirms Resolutions 1, 2, and 3 of the 1920 Conference, which emphasize the great importance of each part of the Empire laying down a definite forest policy, surveying its resources of timber and ensuring that certain elements of stability are secured in the constitution of Forest Policy.

These resolutions are as follows:—

"1. *Forest Policy*

"In view of the great importance to the Empire as a whole, as well as to each of its component parts, of producing a sustained yield of all classes of timber, and of encouraging the most economical utilization of timber and other forest products, and of maintaining and improving climatic conditions in the interests of agriculture and water supply, each of the Governments of the Empire should lay down a definite forest policy to be administered by a properly constituted and adequate forest service.

"2. *Survey of Resources*

"The foundation of a stable forest policy for the Empire and for its component parts must be the collection, co-ordination and dissemination of facts as to the existing state of the forests and the current and prospective demands on them.

"A note descriptive of the survey which is desired is appended in Annexure A.

"3. *Constitution and Status.*

"In order to attain continuity in the development of forest resources it is desirable that certain elements of stability be secured in the constitution of the forest policy. This may be done by the following measures:—

"1. The definition, where this has not been done already, of forest policy, in a forestry Act or Ordinance.

"2. The reservation for the purpose of economic management and development of forest land under conditions which prevent the alienation of any which is primarily suitable for forests except for reasons consistent with the maintenance of the forest policy as a whole.

"3. The assurance to the forest authority of funds sufficient to carry out the accepted policy for a series of years.

"4. The grant to members of the forestry service of the status of civil servants with due provision for pension.

"5. The appointment as the chief officers of the forestry service of persons having a high standard of training in forestry, their selection and promotion being by merit alone.

"6. The establishment in each of the larger parts of the Empire and for the Colonies not possessing responsible Government collectively, of an officer or officers, having special duties of advising as to forest policy and surveying its execution."

2. *Softwood Resources*

In view of the great and increasing drain on the softwood forests of the world, it is incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber.

3. *Empire Trade in Forest Products*

This Conference is of opinion that the Empire's requirements of timber and other forest products should be supplied to the greatest possible extent from sources within the Empire.

That, while economic and geographical considerations may preclude the exclusive use of Empire timber, the trade between units of the Empire can be largely increased.

That the Empire can become self-supporting in almost all minor forest products.

That with these aims in view, active steps should be taken throughout the Empire to organize and foster trade.

This Conference, owing to difficulties of time and access to documents, has not been able to complete its investigations into this subject, and recommends that it be remitted to the Standing Commmittee on Empire Forestry for presentation to the Imperial Economic Conference which meets in London during October next.

4. *Education (Central Institution).*

This Conference strongly endorses the view held by the 1920 Conference that a Central Institution for post-graduate and specialized training in forestry, combined with research, is essential to the proper development of the forest resources of the Empire, and regrets that owing to abnormal financial conditions the setting up of such an institution has had to be postponed. This Conference approves the report of its Committee appointed to inquire into this subject (Annexure A), and urges the departments concerned to take immediate steps to inaugurate a Central Institution for Forestry training and research at Oxford University, so that, if possible, it may begin to function at the opening of the next academic year, *i.e.*, in October, 1924.

5. *British Empire Forestry Association*

This Conference welcomes the incorporation by Royal Charter of the Empire Forestry Association, under the Presidency of H.R.H. the Prince of Wales, and commends its work to all interested in the forests of the Empire. This Conference considers that the Empire Forestry Journal, issued periodically by the Association, should be the medium for the publication of official and technical information; that, pending the formation of an Empire Forestry Bureau, this information should be collected and prepared by the Standing Committee on Empire Forestry (see Resolution 6), assisted by technical correspondents in all the Forest Departments of the Empire.

This Conference endorses the recommendations of the Committee apointed to consider this subject (see Annexure B).

6. *Standing Committee on Empire Forestry*

With a view to maintaining continuity of action in respect to meetings of the British Empire Forestry Conference, this Conference recommends the establishment of a Standing Committee which should consist of:—

The Chairman of the Empire Forestry Conference.
The Technical Commissioner of the British Forestry Commission.
The Head of the proposed Central Institution for Education.

One Representative from each of the following:—

Colonial Office.
India Office.
The unit of Empire in which the last Conference was held.
The unit of Empire in which the next Conference will be held.
A Member of the Council of the British Empire Forestry Association who has had experience in Colonial Administration.

With power to add to their number.

7. *Investigations into Forest Products*

This Conference notes with pleasure the steps taken in Great Britain to form a Forest Products Research Board, but urges that the scope of the Board's work be extended considerably so that, in addition to fundamental research, it may undertake investigations leading to the application of the results of research to commercial practice, in accordance with the methods which had been found profitable in the United States of America, Canada and India. This Conference further urges that immediate steps be taken to establish in Great Britain a well-equipped Forest Products Laboratory.

8. *Forest Fire Protection: Canada*

The widespread damage to timber, property and life resulting from uncontrolled forest fires is a menace to the economic well-being of the British Empire, and constitutes the greatest single deterrent to the practice of forest management. The Conference endorses the report of its Forest Fire Protection Committee (Annexure C), believing that the forest fire problem, though difficult, is capable of solution if the forest authorities receive full public support and the requisite assistance from the Government.

9. *Silviculture: Canada*

In view of the distastrous effect of fires, insects and fungi upon the supplies of standing timber, and of the results of the existing logging methods in impoverishing the forests of their valuable species and in impairing their regeneration, this Conference strongly recommends the application of more effective silvicultural methods to the Canadian forests, and commends the report of the Committee on Silviculture (Annexure D) to the earnest consideration of the Dominion and Provincial Governments and of the timber industry.

10. *Shifting Cultivation*

The practice of shifting cultivation except when controlled as an integral part of forest management is a serious menace to the future welfare of certain portions of the Empire. The recommendations made by the Committee appointed to consider and report on this question (Annexure E) are approved by this Conference, which urges Governments concerned to take such measures as may be necessary to deal with the situation.

At the same time this Conference recognizes that, if strictly controlled, shifting cultivation may, under certain conditions, be made to serve a useful and even a necessary purpose in silvicultural operations, particularly in connection with the formation of planations. When applied to such useful ends this Conference favours its encouragement, under control.

11. *Next Conference*

This Conference accepts the gracious invitation of the Government of the Australian Commonwealth to hold the next meeting in Australia, and requests the Commonwealth representative, Mr. Owen Jones, to convey to his Government a message of cordial thanks and appreciation. At the same time this Conference wishes to place on record its opinion that if suitable to the Commonwealth Government, the year 1928 would be the date most suitable for the meeting.

12. *Vote of Thanks*

This Conference places on record its most grateful thanks to the Federal and Provincial Governments of Canada for the hospitality, care and attention which they have shown the delegates throughout their stay in Canada.

The delegates also wish to thank the civic authorities, universities and private associations, mill owners, lumbermen and private individuals whom they met in the course of their five thousand-mile tour for their welcome and acts of kindness, and also for the way in which there has been placed at their disposal information which has materially added to the interest and value of the work of the Conference.

VICTORIA, B.C., September 7, 1923.

List of Delegates

Great Britain—

Major-General Lord Lovat, K.T., K.C.M.G., D.S.O., etc., Chairman, Forestry Commission.
R. L. Robinson, O.B.E., B.A., B.Sc., Commissioner, Forestry Commission.
A. W. Borthwick, O.B.E., D.Sc., Education, Research and Publications Officer, Forestry Commission.
Fraser Story, Intelligence Officer, Forestry Commission.
Captain J. W. Munro, D.Sc., B.Sc. (Agr.), B.Sc. (For.), Entomologist, Forestry Commission.
Sir James Calder, C.B.E.
Lieutenant-Colonel G. L. Courthorpe, M.C., M.P., Chairman, British Empire Forestry Association.
Professor R. S. Troup, C.I.E., M.A., D.Sc., School of Forestry, Oxford University.

Australia—

Owen Jones, B.A., Chairman, Forestry Commission of Victoria.

India—

W. A. Robertson, Deputy Conservator of Forests, Burma.
C. G. Trevor, Conservator of Forests, United Provinces.

Irish Free State—

A. C. Forbes, O.B.E., Forestry Branch, Department of Agriculture.

New Zealand—

Captain L. McIntosh Ellis, B.Sc.F., Director of State Forests.

South Africa—

C. E. Legat, B.Sc., Chief Conservator of Forests.
W. S. Johnston, Associated Chambers of Commerce.

Crown Colonies—

Colonial Office.
Major R. D. Furse, D.S.O., Assistant Private Secretary for Appointments.

Nigeria—

J. R. Ainslie, D.F., F.L.S., F.R.G.S., Senior Conservator of Forests.

Kenya—

E. Battiscombe, Conservator of Forests.

Ceylon—

R. M. White, B.A., D.F., Deputy Conservator of Forests.

Straits Settlements and Federated Malay States—

G. E. S. Cubitt, Conservator of Forests.

British Guiana—

L. S. Hohenkerk, Forestry Officer, Department of Lands and Mines.

Canada, Dominion—

E. H. Finlayson, B.Sc.F., Acting Director of Forestry.
D. Roy Cameron, B.Sc.F., Dominion Forest Service.

British Columbia—

P. Z. Caverhill, B.S.F., Chief Forester, Provincial Forest Service.

New Brunswick—

G. H. Prince, B.S.F., Chief Forester, Provincial Forest Service.

Nova Scotia—

J. A. Knight, K.C., Commissioner of Forests and Game.

Ontario—
E. J. Zavitz, M.S.F., Provincial Forester.

Quebec—
G. C. Piché, M.F., Chief of Forest Service.

Honorary Delegates

Mr. A. Bedard, M.F., Assistant Chief of Forest Service, Quebec, Dean of Laval Forest School.
Mr. Robson Black, Manager, Canadian Forestry Association.
Mr. W. C. Cain, Deputy Minister of Lands and Forests, Ontario.
Mr. Roland D. Craig, B.S.A., F.E., Forest Resources Specialist, Dominion Forest Service.
Mr. M. A. Grainger, President, Canadian Society of Forest Engineers.
C. D. Howe, Ph.D., Dean of Faculty of Forestry, University of Toronto, Vice-President, Canadian Forestry Association.
Mr. Clyde Leavitt, M.Sc.F., Chief Fire Inspector, Board of Railway Commissioners, Canada.
Lieut.-Colonel T. G. Loggie, Deputy Minister of Lands and Mines, New Brunswick.
Mr. G. R. Naden, Deputy Minister of Lands, British Columbia.
The Earl of Strafford, England.
Mr. Ellwood Wilson, Chief, Forestry Department, Laurentide Paper Company.

(Thirty-seven Associate Delegates also attended some or all of the Sessions.)

APPENDIX III

Report of the Education Committee of the British Empire Forestry Conference (1923)

Report of the Committee appointed "to review the report of the Education Committee of the British Empire Forestry Conference in 1920 and the subsequent Interdepartmental Committee of 1921, and to consider in the existing circumstances how the recommendations of these committees can be adapted to meet the wants of the Empire with regard to post-graduate and research courses."

The Committee begs to report as follows:—

1. It may be well to begin by briefly recapitulating the steps previously taken in regard to the matter.

As a result of the resolution passed by the 1920 Conference (Resolution No. 9) and of the report to that Conference (Appendix C) an Interdepartmental Committee, representing the India Office, the Colonial Office and the Forestry Commission, with Professor J. B. Farmer as an independent scientific member, was set up, "to prepare a scheme for giving effect to the resolution of the British Empire Forestry Conference with regard to a central institution for training forest officers . . . ."

The report of this Committee was issued in February, 1921 (Command Paper 1166).

Subsequently negotiations were entered into between the Colonial Office and the Forestry Commission with a view to guaranteeing sufficient funds to start the institution and to maintain it for five years in the first instance, whether

the Government of Inda found itself able to co-operate or not. It was decided that the bulk of the necessary funds should be guaranteed by the Forestry Commission and the various colonies and protectorates with important Forestry Departments, as they would be more directly concerned with the institution than would the self-governing Dominions.

So far as the colonies and protectorates went, the idea met with unanimous approval, and all the Governments concerned were at that time prepared to make the necessary contribution, except in the case of Kenya, who were unable to subscribe until their financial position had improved.

Unfortunately, however, the Imperial Treasury were unable, for the time being, to authorize the necessary expenditure on the part of the Forest Commission or on the part of certain African protectorates who were in receipt of a grant in aid from the Imperial Exchequer and whose expenditure was in consequence subject to Treasury approval.

The proposal, therefore, had to be temporarily dropped.

2. We desire emphatically to endorse the view held by the 1920 Conference that a central institution of this kind is required in the interests of forestry within the Empire.

We greatly regret that the setting up of such an institution has had to be postponed, and we urge most strongly that steps be taken to start it without delay.

3. We endorse the action taken in setting up the Interdepartmental Committee referred to above, and we agree with the modifications which, on further inquiry, that Committee found it necessary to make in the recommendations of the 1920 Conference.

4. In view of the somewhat partial support which the idea of a central institution received in 1921 at the hands of the self-governing Dominions and the Australian States, we have been at particular pains to ascertain how such an institution could now be made of the greatest value in meeting the varied and special needs of forestry in the self-governing Dominions.

As a result we are of the opinion that, given sufficient staff, the institution could make itself of great value to the Dominions, both by providing advanced post-graduate training for future forest officers who have received suitable preparatory training in their own Dominion, and also by providing the necessary post-graduate training for specialists and research officers. In the latter connection we draw attention to the difficulty of obtaining well-trained forest entomologists for Canada. We are informed that under present conditions there are no suitable facilities for obtaining the necessary advanced training in Forest Entomology such as is required for the higher positions in the Government service.

We have received evidence from representatives of all the self-governing Dominions expressing strong approval of the setting up of such an institution, although in the case of Australia it is doubtful whether the forestry training at present available in that commonwealth is sufficiently advanced to fit students for undertaking the post-graduate courses. This objection will no doubt be removed in course of time.

5. It is also possible that the Government of India may wish to make use of a central institution, both for the post-graduate training of selected graduates from the forest school of Dehra Dun and for "refresher" and "special" courses for selected officers, who have done some years' service.

6. We have carefully examined the report of the Interdepartmental Committee on Imperial Forestry Education and find ourselves in general agreement with its recommendations.

(*a*) As regards finance and staff, we do not consider that we have at our disposal the necessary information on which to base detailed recommendations.

Details of this nature must be left for discussion by the departments principally concerned, and between them and the Board of Control of the institution, when it is set up.

At the same time we feel confident that if the central institute could be set up under good management and endowed with sufficient funds to make an effective start, it would rapidly justify its existence and would develop, as time went on, attracting an increased measure of support and extending its sphere of usefulness, particularly in the direction of providing for the individual needs of specialist research students, a branch of its activities in which we believe there will be an increased demand as the various forest departments of the Empire develop.

We are fully aware of the financial difficulties of the time, and we wish to emphasize our desire that the institution should be started as early as possible provided always that a sufficient sum can be guaranteed to ensure efficiency even if it is not possible at first to raise the full amount of money which would be desirable.

(*b*) With regard to the qualifications to be demanded of probationers entering the institution and with special reference to paragraph 8 of the report (co-ordination of University courses), we fully agree with the principle that a common standard of previous training is highly desirable. At the same time we feel that if the institution is to fulfil its role as a centre of post-graduate training, adapted to meet the need of the different portions of the Empire, a considerable degree of flexibility in its regulations as to admission will probably be found necessary. In the circumstances we consider that, while a common standard of previous training should be aimed at in course of time, the qualifications to be demanded of the various probationers must be left to the decision of the department or government which selects them; provided always that the standard of such qualification must be sufficiently high to enable them to take due advantage of the course provided by the institution without retarding the progress of the other students. Points of difficulty should be capable of settlement between the Board of Control and the department concerned. The admission of private students to the institution would be subject to the decision of the Board of Control.

(*c*) We endorse the recommendation of the Committee with regard to the association of research with the educational function of the institution, and we recommend that close liaison should be maintained between the institution and other centres of forest research in order to prevent overlapping and to ensure co-ordination of effort.

7. We wish to draw attention to a function of the institution to which we attach great importance, and which seems hardly to have received the attention it deserves. We believe that the association of forest officers from different parts of the Empire when attending "special" or "refresher" courses cannot fail to be of great benefit to all concerned. Much light may be thrown on the problems to be dealt with in one part of the Empire by experience gained elsewhere. As things are, the experience of forest officers is too often confined to one locality and we believe that the institution can do valuable work in remedying this deficiency.

We also attach importance to the association of young probationers with experienced forest officers, who may be attending the institution at the same time.

8. In conclusion, we strongly endorse the view of the 1920 Conference that a central institution for post-graduate and specialized training in forestry, combined with research, is essential to the proper development of the forest resources of the Empire.

We believe that these resources can only be so developed if the supervising staff receive a high standard of training; that the facilities at present existing for providing such training are insufficient of themselves; but that, if supplemented by an institution of the kind proposed, the necessary standard could be attained.

Having regard also to the great potential forest resources of the Empire and of the increased yield which has followed, notably in India, and in certain foreign countries, on the introduction of a more highly trained staff, we believe that the necessary outlay on such an institution would be repaid several times over by increased returns from the forests.

It appears to us regrettable that the British Empire, with its vast forest resources, does not yet possess an institution capable of meeting the requirements of its own forest officers in advanced training, and that certain of these officers have to seek instruction in foreign countries, while in other cases it has even been found necessary to fill special posts by the appointment of officers of foreign nationality.

We recommend, therefore, that steps be taken immediately by the departments concerned, to set up a central institution for post-graduate training and research at Oxford University, so that if possible it may begin to function at the opening of the next academic year ,i.e., October, 1924.

R. D. FURSE, *Chairman.*
E. BATTISCOMBE,
A. W. BORTHWICK,
C. D. HOWE,
OWEN JONES,
C. E. LEGAT.

WORKMEN'S COMPENSATION

The discussion of this matter was begun at the Eighth Meeting of the Conference, held on Tuesday, the 16th October, 1923. The Secretary of State for Home Affairs moved the following Resolution:—

> "That a Committee be appointed containing Representatives of Great Britain, the Dominions, India, and the Colonies, to consider the desirability of a common Empire policy as regards the régime applicable under the Workmen's Compensation Laws to non-resident workmen, and to seamen, and to the nationals of foreign countries, according as reciprocity is or is not given by the latter."

In moving this resolution Mr. BRIDGEMAN said that since 1911 there had been a great development of Workmen's Compensation legislation, and each legislature had worked out its own problem to its own way, with the result that there were considerable divergencies of practice, too wide, in some cases, for any hope of general uniformity being secured throughout the Empire. There were, however, a few points, especially in regard to non-resident workmen, to alien workmen and to seamen, where some uniformity of practice could be arrived at, so that at any rate within the British Empire there should be similarity of treatment for non-residents and seamen, and also similarity of treatment for foreign workers where other countries reciprocated.

RESOLUTION RECEIVES GENERAL SUPPORT

Sir LOMER GOUIN said that Canada was fairly well advanced in legislation on that point. Some provinces had legislated with regard to compensation to non-residents and others were now investigating the matter. He agreed that the question should be referred to a Committee.

Senator WILSON agreed that it was a Committee matter.

Mr. MASSEY also agreed to the question being referred to a Committee. In New Zealand he thought they had already arranged for reciprocity in the matter of workmen's compensation as between the United Kingdom and New Zealand, and as between New Zealand and Queensland and Western Australia, and what had been done they were quite willing to apply to other Empire countries.

Mr. BURTON, Sir MARMADUKE WINTER and Mr. INNES also agreed to the appointment of a Committee; Mr. Innes observing that the Indian Act already provided for payment of compensation to workmen who were not resident in India, and that the Government of India would welcome either the abolition in other parts of the Empire of restrictions on the payment of compensation in such cases, or reciprocal treatment.

The Committee was appointed accordingly, and reported on the 6th November (see page 568). The Report was discussed by the full Conference at their Twenty-second Meeting, held on Thursday, the 8th November, 1923.

THE RECOMMENDATIONS OF THE COMMITTEE

Mr. BRIDGEMAN said that he had put before the Committee three Resolutions over which they had found themselves largely in agreement and especially over two (Nos. I and II of the Committee's Report) relating to non-residents and seamen. With regard to the third, which dealt with the question of reciprocity in cases of foreign workers, there had not been sufficient agreement to justify the Committee in doing more than asking the different Governments to consider the possibility of adopting the proposals. With regard to the other two a direct invitation had been given to the Governments to take action, subject to a proviso in which attention was called to the fact that in some Dominions Workmen's Compensation falls within the Provincial or State jurisdiction, and outside the control of the Dominion Government.

Mr. GRAHAM said that Canada's Workmen's Compensation legislation came almost solely within the jurisdiction of the Provinces, and he had no objection to the Report. He mentioned that the railways had special Acts under Federal jurisdiction.

Mr. BRUCE said that the question of Workmen's Compensation was a question for the States, but in view of the note referred to by Mr. Bridgeman he accepted the Resolution.

Mr. MASSEY said that he agreed with the recommendations, in the direction of which indeed New Zealand had already legislated. He desired to put on record a communication from the Labour Department in Wellington which set out the relevant provisions of the existing New Zealand Act (Workers' Compensation Act, 1922).

Mr. BURTON understood that his colleague, Mr. De Wet, who was a member of the Committee, was satisfied with the Resolutions, except that he had had something to say about the original resolution which had been modified to meet his views and now appeared as No. III.

Mr. BRIDGEMAN replied that Mr. De Wet had telephoned to say that the modification which had been made met his point.

Mr. RIORDAN was satisfied with the Report and Resolutions.

Mr. INNES said that the Indian Workmen's Compensation Act was a very recent piece of legislation, and had not in fact come into operation up to that time. It gave effect to the principal of the first two Resolutions they were considering, and as regards the third Resolution, made no distinction according to the nationality of workmen subject to Indian law. India welcomed any action by other countries in the direction of giving equal rights to injured workmen employed in them, but he did not think it likely that the Indian Act would be amended in order to narrow its scope by introducing the principle of reciprocity. He quite agreed to all the Resolutions proposed.

WORKMEN'S COMPENSATION IMPRACTICABLE IN MOST COLONIES AT PRESENT

Sir GILBERT GRINDLE, speaking on behalf of the Colonies and Protectorates, accepted the Resolutions, but said that conditions in the greater part of the Colonies rendered Workmen's Compensation quite out of the question at present. He mentioned this so that when the next Conference came it would not be thought that if they had not done anything it was due to lack of goodwill. They were considering actively the introduction of Workmen's Compensation in one or two of the older Colonies.

RESOLUTIONS ACCEPTED

It was decided that Resolutions I, II and III recommended for adoption by the Workmen's Compensation Committee of the Conference be adopted. In adopting these Resolutions the Conference noted that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction, and is in those cases and to that extent outside the control of the Dominion Government.

WORKMEN'S COMPENSATION COMMITTEE

The constitution of the Committee was as follows:—

The Right Hon. W. C. Bridgeman, M.P., Secretary of State for Home Affairs;
The Most Hon. the Marquess Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E., Secretary of State for Foreign Affairs (or his representative);
His Grace the Duke of Devonshire, K.G., P.C., G.C.M.G., G.C.V.O., Secretary of State for the Colonies (or his representative);
Mr. G. E. Baker, Mercantile Marine Department, Board of Trade;
The Hon. Sir Lomer Gouin, K.C.M.G., and Mr. R. H. Coats, B.A., F.S.S., Canada;
Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;
The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;
The Hon. N. J. de Wet, K.C., Minister of Justice, and Mr. W. J. O'Brien, Union of South Africa;
Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;
The Hon. Sir Patrick T. McGrath, K.B.E., Newfoundland;
Sir E. M. Cook, C.S.I., C.I.E., India.

Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies;
Mr. H. G. Bushe, Assistant Legal Adviser to the Colonial Office.
} Colonies and Protectorates.

Mr. C. M. Knowles, Home Office, and Major R. McK. Oakley, Comptroller-General of Customs, Commonwealth of Australia, acted as joint secretaries to the Committee.

REPORT

The Workmen's Compensation Committee appointed by the Imperial Economic Conference at its meeting on Tuesday, the 16th October, 1923 –

> "to consider the desirability of a common Empire policy as regards the régime applicable under the Workmen's Compensation laws to non-resident workmen, to seamen and to the nationals of foreign countries according as reciprocity is or is not given by the latter"

submit their Report as follows:—

The Committee have prepared the following Resolutions which they suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference.

RESOLUTION I

Non-resident Workmen

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, taking note of the existing restrictions in the Workmen's Compensation laws of certain parts of the British Empire on the payment of benefits to workmen and their dependents on the ground of non-residence in the State in which the accident happened, and having regard to the tendency of such restrictions to discourage movement within the Empire, is of opinion that no British subject who is permanently incapacitated, and no dependent of a British subject who has been killed, by accident due to his employment in any part of the Empire should be excluded from any benefit to which he would otherwise be entitled under the Workmen's Compensation law of that part of the Empire on the ground of his removal to or residence in another part of the Empire."

RESOLUTION II

Seamen

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes

place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a registered of shipping but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation.

Resolution III

Aliens

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, taking note of the disabilities imposed under the Workmen's Compensation laws of certain foreign countries on British subjects residing in those countries and their dependents, invites each Government of the Empire, regard being had to its own particular conditions, to consider the possibility of adopting in workmen's compensation legislation, the principle of reciprocity, that is, that the benefits of such legislation should be accorded to subjects of foreign countries upon the condition that and to the extent to which such foreign countries accord reciprocal treatment to British subjects."

The Conference notes in adopting the foregoing Resolutions that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction and is in those cases and to that extent outside the control of the Dominion Government.

Signed on behalf of the Committee,
W. C. BRIDGEMAN, *Chairman.*

November 6, 1923.

IMPERIAL ECONOMIC COMMITTEE

The question of the desirability of establishing some advisory or consultative body on an inter-Imperial basis which could look into and follow up questions of an economic character arising out of the work of the Imperial Economic Conference had been referred to by the Chairman in his opening speech, when he suggested that it might conveniently be discussed towards the close of the Conference. At the Nineteenth Meeting, held on Tuesday, the 6th November, 1923, Mr. Bruce moved a resolution in the following terms:—

"That in the opinion of the Imperial Economic Conference—

"1. It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

"2. The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments."

COMMITTEE NEEDED TO CARRY ON WORK OF CONFERENCE

Mr. Bruce referred to the fact that this was the first Imperial Economic Conference which had ever been held. It had done valuable work, and he thought it a great pity if with the rising of the Conference the whole of its work should come to an end. Definite decisions had been taken by the Con-

ference in certain directions, proposals had been made by the British Government with regard to additional preferences, and he thought that the Conference were convinced of the necessity in the interests of the whole of the Empire that a policy of general Imperial development should be carried into effect. This could not be done simply by passing a resolution. It would involve, first, action by the Governments concerned, and, secondly, improvements in methods of trading as between the countries of the Empire. The institution of the Imperial Shipping Committee showed the value of a body which, owing to its personnel and character, could give authoritative and impartial opinions upon the kind of questions which will undoubtedly arise in connexion with the fostering of inter-Imperial trade.

EXAMPLE OF QUESTION FOR INVESTIGATION: POSITION OF AUSTRALIAN BEEF INDUSTRY

That the questions which would arise would not be merely questions of tariffs or preference was shown by the instance of the Australian beef industry. He referred to the unsatisfactory position of that industry and to the serious effects, from the point of view not only of Australia but of this country, if the industry of raising of beef for export were to be abandoned. It is very difficult to open up virgin country in a great continent like Australia, unless cattle raising can be undertaken as the first step, so enabling the settlers to look around and ascertain whether further development (e.g., in the direction of sheep farming, agriculture, etc.) is likely to lead to good results. It had been publicly announced that His Majesty's Government did not propose to put an import duty on meat. Without expressing any views upon that decision, Mr. Bruce pointed out that there were many other avenues which would have to be searched to see whether something could not be done, for example, as regards marketing, unfair competition, etc., in order to improve the position of this industry. He quoted the instance of the beef industry because it was a case where at first glance one might be inclined to say that the only question was one of tariff and preference, and he wished to point out that even in such a case there was plenty of need for investigation.

A PRIME MINISTERS' COMMITTEE

Mr. Baldwin said that he entirely agreed with General Smuts's observations at the first Meeting of the Conference as to the desirability of creating new machinery, and he desired to make it clear that the present proposal was not one for the setting up of machinery to regulate the relations between this country and the Dominions. The Committee would be purely advisory. Further, it would be appointed by the Prime Ministers of the Empire, and responsible to them and not to any United Kingdom Minister or Department.

TYPE OF QUESTIONS TO BE REFERRED TO COMMITTEE

Mr. Baldwin then proceeded to indicate the type of questions which, in his view, the Committee could usefully concern itself with. He did not attempt to give an exhaustive list, particularly as experience would show what type of questions would arise. Any question that would affect the inter-Imperial trade generally would, *prima facie*, be a suitable one for consideration by the Committee; and this would clearly cover the question of tariffs generally and their effects on trade between different parts of the Empire. He was referring here simply to the consideration of the effectiveness of a tariff in actual existence: the effectiveness of a preference, or, for example, of the proportion of Empire labour and material laid down as the minimum to enable imported goods to

benefit by Empire preference. Such questions involve the consideration of a great number of facts, and it might well be that a Government would wish to invite the assistance of the Committee in ascertaining and considering how far the object of its tariff was, in practice, being achieved, or how far some particular complaint as to the operation of the tariff was justified, or whether the tariff was adequate or inadequate. It must, however, he pointed out, be clearly understood that questions of this kind could on no account be referred to or considered by the Committee except at the specific request of the Government concerned. It would be an impossible position, and would simply break the Committee up, if it were suggested that any Government which thought it had a grievance against some other Government of the Empire was at liberty to have questions of this kind considered by the Committee. Subject to that understanding, he referred to a number of other questions as instances of the kind of question which the Committee might consider: dumping, depreciated exchanges, investment of capital in the British Empire, the operations of trusts or monopolies.

He also pointed out that the detail work of any Economic Conference which might be held in future might be reduced, if a number of minor matters which would otherwise have to be dealt with by the Conference were investigated by the Committee. There would also inevitably be questions which the present Conference would have carried to a certain point, but which had not been exhaustively considered and finally disposed of, and the existence of a Committee which could carry on the investigation of these questions would prevent a future Conference having to take them up all over again.

Mr. BRUCE did not suggest that the Committee would itself do all the work of investigation; it would be able to enlist the services of other people to furnish reports, and so on. He thought that having regard to the importance of such a Committee it would probably be able to command the services of almost any person whom the constituent Governments would desire to invite to sit upon it.

PROPOSAL WELCOMED BY GREAT BRITAIN

The CHAIRMAN said that, on behalf of the British Government, he wholeheartedly welcomed the proposal put forward by Mr. Bruce. He had purposely at the outset suggested that this matter would be more conveniently discussed towards the close of the Conference, because he had felt that as the Conference went on two things would become plain. First, there was a general determination to make inter-Imperial trade a growing reality, and for that purpose not only Government action arising immediately out of the Conference, but detailed questions of administration, and (still more important perhaps) questions arising out of the day to day work of producers, manufacturers and traders throughout the Empire would have to be dealt with; and it would be the duty of the Committee to see that these matters were not pigeon-holed. Secondly, he felt, and the event had justified it, that the Conference had had to deal with a number of matters which might have been settled, some of them as much as two years ago, if the machinery had been in existence. Although these were not big questions, it was very important to the trade of the Empire that they should be settled as quickly as possible, and the moment they had got round a table they had been able to deal with them; he referred to such questions as Samples, Customs Formalities, Trade Catalogues, and Licenses for Commercial Travellers. He agreed with Mr. Bruce that another matter which might well come up was the question of marketing; this was a question of as much interest to producers in this country as to producers in the Dominions, but the present Conference, with the amount of business before it and the limited time at its disposal, could not hope to deal with it exhaustively.

CASE FOR A STANDING BODY AS AGAINST "AD HOC" COMMITTEES

It had never been contemplated that a body should be set up having executive powers. The Committee would be an Advisory Committee on the lines of the Imperial Shipping Committee, responsible to each of the constituent Governments, and its duty would be purely to deal with matters on which those Governments desired its opinion and advice. It might be urged that such matters could be dealt with by *ad hoc* Committees, but these would by no means meet the case; it would mean interminable delays; the question would arise every time whether it was worth while to establish an advisory Committee for the particular problem in question; moreover, with *ad hoc* Committees the advantages would be lost of the continuity which belongs to a Committee constantly dealing with the same kind of questions, and of the authority and prestige which such a Committee (although it has no executive power) can acquire by steadily carrying on its work and arriving with all the force of its authority at unanimous recommendations.

PERSONNEL: STRONG UNOFFICIAL ELEMENT DESIRABLE

He thought it very important that the Committee should have both official and unofficial members, and that the unofficial element should be strongly represented. It was not too much to say that the present Conference formed a landmark in the development of our inter-Imperial trade relations, and he was perfectly certain that a Committee of the kind proposed would be welcomed in business and manufacturing circles as a practical step. He agreed with Mr. Bruce that the Committee would command the services of anybody whom it might wish to enlist.

CANADA OPPOSED TO ESTABLISHMENT OF ECONOMIC COMMITTEE

Mr. GRAHAM said that, though he did not wish to interfere with the views of any members of the Conference, he must say candidly, that he had not been convinced of the wisdom or necessity of such a Committee. The Imperial Shipping Committee had been quoted as a precedent. He thought it would be a mistake to go on organizing permanent bodies as the outcome of a friendly Conference as to the conditions existing in different parts of the Empire. At the next Conference it would, no doubt, be suggested that this Economic Committee be made permanent, and in its turn it would be quoted as a precedent for the setting up of further machinery to carry on work for which, in the view of Canada at any rate, ample machinery already exists. The Chairman had suggested that some of the work could be done in the intervals between Conferences. Mr. Graham thought, however, that the fact of matters being referred to the Committee, and their having dealt with certain things in advance, would lead to the Committee's advice being presented to the Conference as a complete and crushing argument. This would, to his mind, take away much of the freshness and originality of the Conference, and would be an impediment to its work rather than a help.

POSSIBLE REACTIONS OF COMMITTEE ON FISCAL AUTONOMY

Fiscal policy was not a matter about which the advice of any body of that kind would be sought; nor would Canada, at any rate, submit to advice being tendered to her on that subject by such a body. The suggestion, so far as that portion of the work of the Committee was concerned, seemed largely to resolve itself into a proposal for a Tariff Commission for the Empire. But tariffs and

dumping were matters for the Governments themselves and their constituents to consider. He could not agree to an arrangement whereby such a Committee might investigate something referring to a particular Dominion, which that Dominion had not referred to them.

The CHAIRMAN, on this point, explained that the Committee would have no power to entertain a complaint from one Dominion against the tariff policy of another. What was contemplated as regards tariffs was merely that if, for example, some question arose as regards a preference given between one Dominion and the Mother Country, they might agree between them to ask the Committee to advise what the practical effect of that preference was. It would be a *sine qua non* that any matter affecting two Governments could only be referred to the Committee by common consent.

Mr. GRAHAM felt that the Committee would interfere, he believed not in a helpful way, with the rights of the different parts of the Empire to manage their own affairs and fiscal policies. Next to having executive functions, advisory functions are the bost powerful, and once a Committee of this kind advised that certain things should be done, immediately those who were not in favour of that course would be put on the defensive. There was no need for new machinery; the existing organizations, touching every angle of trade and relations between the oversea Dominions and Great Britain, should be sufficient. He did not desire to prevent the Conference's adopting the Resolution and appointing the Committee if it saw fit, but he was not at all convinced that it was the proper thing to do.

NEW ZEALAND SUPPORTS PROPOSAL

Mr. MASSEY supported the Resolution for several reasons, one being the unqualified success of the Imperial Shipping Committee. He would not, however, ask such a Committee to report, for example, upon the New Zealand Customs Tariff. He took it that the work of the Committee would be, to some extent, in the nature of giving effect to the work of the Dominions Royal Commission. He thought the Conference had done good work, but necessarily quite a number of proposals were being left simply in their initial stages and would have to be taken up at the next Conference. It would be the business of the Committee to carry on and continue the work as far as possible. He thought that the whole question of the beef trade should be gone into, since it was a very serious state of affairs if this country were to be allowed to drift into the position of being dependent upon a foreign market for its beef supplies. The Committee should be able to take this matter up and investigate the position and let the public know how things stand. The question of the proportion of British labour and material required in imported goods as a condition of their having the benefit of Imperial preference was another matter which should be looked into. There was also the question of inter-Imperial Exchanges, which ought not to be lost sight of. As regards marketing, what was wanted was to see that producers got a fair price for their products, while not being guilty of even the suggestion of exploitation as against the consumers. As Prime Minister of New Zealand he had had a certain amount of experience in this direction. About two years ago, at the time of the serious slump, it had been decided to set up an organization to look after the marketing of New Zealand products, particularly meat products. It was only an experiment, but at the time it gave rise to much adverse criticism. If a Committee such as that now proposed had been in existence, he would have been very glad to have referred this matter to the Committee, in order to satisfy people that the New Zealand producers were not out for exploitation. They simply went in for an improved

system of co-operative marketing, and he was glad to think that it had been a success. If the Committee was to be constituted he would be very glad to refer the work of the New Zealand Meat Control Board to the Committee to report upon. Mr. Massey also referred to proposals for similar boards in connection with dairy produce and fruit, and said he would like some organization to exist to which their system of working might be referred so as to reassure the public.

The CHAIRMAN suggested, in order to meet the points which had been raised, that the following words should be added to the resolution: "provided that no question which has any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire."

MODIFIED RESOLUTION RECEIVES GENERAL SUPPORT

Mr. BURTON thought the Committee might prove a useful body if its functions were restricted to what he understood Mr. Bruce meant and as defined by the Chairman, viz., a voluntary organization of a certain number of gentlemen of expert knowledge and capacity who would investigate and report upon any question of an economic or commercial character when asked to do so by any Government in the British Empire.

If the functions of the Committee went beyond those, and into the regions of tariffs and things of that kind, the Committee would kill itself at once.

In view of the good work which had been done by the Shipping Committee, and provided they steered clear of the multiplication of organizations outside of the sphere of the Governments of the Dominions and of the United Kingdom, and of setting up too elaborate machinery, he agreed that it was possible that the Committee might do good work, and he had no objection.

Mr. RIORDAN raised no objection to the appointment of the Committee, provided the position were clearly under-stood to be as described by the Chairman, namely, that in a matter with which two Governments were concerned they would consult in advance before it was referred to the Committee. If they did not both agree the matter would not go to the Committee; if they both agreed it would go.

Sir PATRICK MCGRATH said that he thought a good case had been made out for the establishment of the Committee, which in his view ought to be regarded as an experiment.

Mr. INNES said that he had come to the meeting with an open mind. He had wanted particularly to be reassured on the point that no question affecting India should be referred to the Committee without the consent or at the instance of India itself. In view of the addition suggested by the Chairman to the resolution, India would be very happy to accept the proposal. He agreed, however, with Sir Patrick McGrath that the Committee should definitely be on an experimental basis, for he thought it was possible to make too much of the analogy of the Imperial Shipping Committee; the proposed Committee would have to deal with a very much wider range of subjects, and he rather doubted whether it would be practicable to get in a Committee of that kind so authoritative a body as we had got in the Imperial Shipping Committee.

NEED FOR SEPARATE REPRESENTATION OF COLONIES

Mr. ORMSBY-GORE thought a Committee of this sort could be of great value to the Colonies and Protectorates; for instance, in marketing, the Colonies could not afford agents in this country, and this Committee could be of great assistance to them in the many difficulties they were up against in market-

ing their produce. He hoped the Conference would agree to a separate representation of the Colonies and Protectorates apart from the British Government. This was the opinion of the unofficial commercial community; and if the Colonies were to play their part in the development of the Empire, they must have the assistance of the unofficial world, and their opinion must be allowed more weight.

With so many Colonies there would be a difficulty in representing them on a Committee. He suggested that there should be a panel, on the lines of his unofficial Advisory Committee, who would appoint the member most concerned to attend each separate discussion.

After further discussion, the resolution was adopted by the Conference, the Canadian representative, however, dissenting.

THE CONSTITUTION OF THE COMMITTEE

The question of the constitution of the Committee and the representation upon it of the various Governments concerned was brought up at the Twenty-second Meeting of the Conference on Thursday, the 8th November, 1923, when it was agreed that the Dominions and India should each be represented by two members, no rule being laid down as to whether the members should be Government officials or non-official persons. It was further agreed that Great Britain should be represented by four members, one of whom, the Chairman explained, would be a Government official, and the others representative persons of outside knowledge and experience (*e.g.*, agricultural, manufacturing, or mercantile and financial). The Colonies and Protectorates, it was agreed, should be represented by one official and one non-official, who should change in accordance with the subject under discussion.

As regards the expenses of the Committee, it was agreed that it was not necessary for the Conference to come to any decision, at any rate, for the present. The Chariman said that it was not proposed to make the setting up of the Committee in any way conditional upon contributions being forthcoming from the various constituent Governments. It might, no doubt, be better in the long run that it should happen that the various Governments interested in the Committee should be prepared to contribute towards it; but he was not going to make the appointment of the Committee, or ask the Conference to make the appointment of the Committee, in any way contingent upon there being *pro rata* contributions towards it.

ADOPTION OF RESOLUTION

The decisions of the Conference on this subject were accordingly as follows. It was decided to adopt the following Resolution:—

"That in the opinion of this Imperial Economic Conference (Canada dissenting)—

"1. It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

"2. The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments, provided that no question which had any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire."

It was further decided that in the constitution of the proposed Imperial Economic Committee representation should be allotted to the various constituent Governments as follows:—

Great Britain	4 members
Dominions	2 members each
India	2 members
Colonies and Protectorates	2 members

CONCLUDING REMARKS

APPRECIATION OF ASSISTANCE RENDERED BY OFFICIALS

Mr. Massey: Before the Conference comes to an end, Mr. President, I would just like to say that I think the representatives of the different Governments should express their appreciation of the courtesy and consideration which have been extended to the individual members of the Conference by the members of the different Departments who have assisted in connection with the discussions that have been going on. I feel very strongly that the least we can do in connection with what has taken place is that we should say thank you for all the assistance that has been given, and I know that every member of the Conference very much appreciates what has been done by the different officials who have attended here during the many sittings of the Conference.

THANKS TO CHAIRMAN AND SECRETARIAT

Mr. Bruce: I should like very much to associate myself with what Mr. Massey, as the oldest and senior member of the Conference, has said, and particularly I should like to say to you, Sir Philip, how very appreciative we all are of the tact you have shown in handling this Conference throughout its sittings, and of the very great ability which you have displayed. I think we have all greatly appreciated the courtesy that you and all your colleagues who have attended here have shown to us, and I am quite certain that any good results that may come from the Conference will be due to the spirit in which the British Government have approached this Conference and have invited us to express our views with the utmost frankness.

I should also like, if I may, to express our appreciation to the Secretariat for the work they have done, and for the invaluable assistance they have given, particularly to the Dominion Prime Ministers and to India I am sure, and I think probably that the British Government have also derived a very great deal of assistance from their services. I certainly think that we should put on record our appreciation of all they have done to assist the deliberations of the Conference.

Mr. Massey: I think we all endorse that.

Mr. Graham: Mr. President, I endorse every word that has been said by Mr. Massey and Mr. Bruce. I think a great deal of the success of any gathering depends upon the man who presides over the gathering, and I am not sure that on this occasion he had such an easy task in connection with some of the other members. I do not know what others would have done in very trying times. We certainly owe a great deal to you, Sir, for the manner in which you have presided over this Conference, which has had before it questions which to my mind, were as difficult and as delicate to handle as could come before any body of men with different viewpoints, all aiming at the one goal

but from a different angle. The Secretary, Mr. Eddison, has been a tower of strength to the whole organization.

Would you allow me to go a little further along this line, and to say that I think we who come from overseas owe a great debt of gratitude to the people who form the Government Hospitality Fund? We have been looked after in a very enthusiastic and cordial manner, not only in the way of entertainment, but in the carrying out of little minor duties for us that it would have been very difficult for us to have carried out ourselves.

I want to join in expressing my thanks, as far as Canada is concerned, for all these things, and hope that great good may result from this gathering. Of course, after all, the foundation of success lies in the fact that we have been able to meet each other and talk frankly across a table in language in which we could not have indulged had we been carrying out diplomatic correspondence.

Mr. Innes: I should like, very briefly, to associate myself with what has been said by the Prime Ministers of New Zealand and Australia, and also by Mr. Graham. I am afraid that the representative of India was possibly one of those "other" persons to which Mr. Graham referred! It is true that in the case of one or two matters which I considered of vital importance I had to take a line of my own. I am sure everybody in this Conference will agree that it is much better to be honest. It is better that I should have stated frankly the difficulties that I felt, than that I should have agreed to resolutions which I knew perfectly well I could not carry out. I do hope the Conference will realize that I took the course which I knew in the long run would be of the best interest, not only to India but also to this country itself. In all my difficulties I have met with the greatest consideration, not only from you, Sir, but from members of the Cabinet and also from the oversea Prime Ministers, and I am very grateful for that consideration.

Sir William Macintosh: South Africa joins very heartily in the expression of thanks and appreciation.

Sir Patrick McGrath: May I say, Sir, that our Prime Minister expected to be here this morning, but was doubtful whether he could be present owing to some engagements he had. But on his behalf and my own, I would like to join very cordially in and endorse all that has been said by the representatives of the Dominions.

APPRECIATION OF THE SPIRIT IN WHICH OVERSEA REPRESENTATIVES APPROACHED THE CONFERENCE

The Chairman: Gentlemen, I am very grateful to Mr. Massey, Mr. Bruce, Mr. Graham, Mr. Innes, Sir William Macintosh and Sir Patrick McGrath for the far too kind things they have said. It has been a real privilege to be associated with you all in the work of this Conference, and I would like to say at once that I would associate myself most whole-heartedly with the appreciation which has been expressed of the work of the Secretariat, and I include in that, as I know the members of the British Secretariat would, the consistent help which they have received from the oversea members of the Secretariat in their work . I am not sure that the rapid working at any rate of any Conference does not depend as much upon having an efficient Secretariat as upon anything else, and we certainly have been extremely fortunate in that respect.

It has not been at all a difficult Conference to preside over, although many of the subjects have been difficult, and some delicate. It has not been difficult to preside over the Conference because of the men we have had to work with, and because, I think, of three other things. In the first place, we have ap-

proached this Conference with the intention of working in a thoroughly business-like way, and I think we have all done that; we have also approached it with the knowledge that on every subject that has come up we could speak perfectly frank to one another, and if we did not feel that, and had not done that, half the value of the Conference would have gone; but above all, everyone who has taken part in this Conference as has been clear from the deliberations and from the conclusions, has approached every subject, while rightly expressing the individual interests which he had at stake in the matter, with the great overriding common purpose that in everything we did we should try to promote the object of the Conference, namely, the development of Imperial resources and the promotion of Imperial trade. I think we have done a good deal, but the work has only begun, and I am perfectly certain that this Conference has laid foundations upon which we shall build much more in the future.

THANKS TO MR. DAVIDSON AND THE PRESS

May I also say what I know all of us would feel; that is, the obligation we are under to Mr. Davidson for the very difficult task which he took up at the outset and has carried on throughout. I know that the Press themselves have already expressed to Mr. Davidson their appreciation of the way in which that work has been discharged. We all felt it most desirable that the fullest publicity that was consistent with the public interest should be given to the work of the Conference day by day, and that could not have been done if we had not had somebody as competent and as zealous in the discharge of that duty as Mr. Davidson. I must also say that I think the Press has responded most completely to the efforts which we made for publicity, and I think our thanks are due to Mr. Davidson and to the Press for the fact that the public has been fully informed throughout our deliberations of all that we were doing.

On behalf of my colleagues I thank you again. We could have had no greater pleasure or privilege than to have been associated with you in the work of the Economic Conference.

(The proceedings of the Conference then terminated.)

INDEX

Addis, Sir Charles, K.C.M.G.:
Inter-Imperial currency and exchanges, 365-7, 368.
Thanks to, 371.
Aden, aircraft and accessories admitted free, 289.
Aerial Surveying:
Air Ministry memorandum, 286.
Consideration desired, Burton, 284; Bruce, 283.
Interest of Colonies in, Ormsby-Gore, 285.
Resolution, 15, 291, adopted, 286.
African Colonies and development schemes, Ormsby-Gore, 135.
African Continent:
Cable communications, Worthington-Evans, 292, 324.
Economic possibilities of, Smuts, 39.
Immigration, possibilities regarding, Smuts, 39-40.
Air Communications:
possible Acceleration of journey to Australia by combination of air, sea and land, Mackinder, 247-8.
Aeroplanes:
Australia's experience, Hoare, 282; Bruce, 283.
Bagdad-Cairo service, Hoare, 282, 287.
Hambling Committee and report, Hoare, 281.
Imperial air route:
Enquiry as to possibilities of, Hoare, 281-2.
Experimental civil machine, construction of, Hoare, 282.
Mail services:
Developments, Hoare, 282.
Plymouth to Belfast experiment, Hoare, 282.
One large organization preferable to number of small ones, Bruce, 283.
Airships:
Australia's interest in, Bruce, 283.
Burney scheme: Hoare, 282; Bruce, 283.
Dominions' help invited and Committee to discuss details, Hoare, 283.
position of Government of India, 284-5
Circulation of information by British Government, resolution, 15, 291; adopted, 286.
Comfort of travel, Mackinder, 308; Amery, 285.
Developments, Amery, 285.
Doubts, Massey, 37, 283-4.
Importance of airship development to the Empire, Amery, 285.
proposed Mail service to Egypt, Bruce, 231, 256; Mackinder, 248; Hoare, 282.
Air Communication—*Con.*
Airships—*Con.*
Position in Great Britain, Hoare, 281-2.
R 38, loss of, Massey, 283-4; Amery, 285.
General Smuts on, 41.
Canada's position, Graham, 283.
Civil aviation:
Dependence on subsidies, though getting on to sounder economic basis, Hoare, 282.
Interchange of information, resolution, 15, 291; adopted, 286.
Committee:
Appointment, 286.
Constitution, 291.
Report, 290-1.
Suggested, and approved, 354.
Customs duties on aircraft and accessories, 289-90.
Development since 1921, Hoare, 281-2.
Empire commerce and air, Memorandum by the Air Ministry, 286-90.
Imperial importance of, Hoare, 281.
Mails:
Australia, Hoare, 352; Bruce, 283.
Bagdad-Cairo service, Hoare, 282, 287.
Points on which information desired, Bruce, 283.
Resolutions, 290-1; adopted, 286.
Saving of time to be derived from, 287-8.
Statement by Sir Samuel Hoare, 281-3.
Allen, Sir James:
Empire Currency and Exchange, 350-4.
Imperial Institute, 387-8, 391-3, 415.
Imperial Shipping Committee, extension of powers deprecated at present, 266.
Judgments, reciprocal enforcement of, 342.
Overseas Settlement, 77-8, 97, 103.
Amery, the Right Hon. L. S., M.P., First Lord of the Admiralty:
Airship communications, 285.
Mr. Bruce's proposals, procedure for dealing with, 144-7.
Currency and exchange, 364.
Financial co-operation scheme, procedure for further examination of, 137.
Imperial Communications, 297, 298.
Imperial Preference in Public Contracts, 202.
Imperial Wireless scheme, abandonment, 298.
Oversea settlement, 88-94.
Shipping, All Red route, 265.
Tariff preference, 88.
Wireless interests in the Pacific, 305.
Anglo-American Telegraph Company, monopoly of, McGrath, 318.

Apparel, imports into Australia from United Kingdom, 1920-21, and value of preference on, Bruce, 52.

Apples, raw:
Great Britain imports from Empire and non-Empire countries, Lloyd Greame, 164, 196.
Tariff preference on, see that title.

Argentine:
Exports to, and imports from, Great Britain, 1922, Bruce, 54.
Imports from United Kingdom per capita Bruce, 55.
Maize export, Burton, 155.
Meat trade:
Competition of Massey, 152, 426-7.
Export beef, minimum prices fixed, Bruce, 68-9.
Wheat from, freights, Mackinder, 244.

Australia:
Aeroplane experience, Bruce 283, 286.
Air mail experiments, Hcare, 281-2; Bruce, 283.
Airships, interest in, Bruce, 283.
Air transport, points on which information desired, Bruce, 283.
Attitude regarding preference, Bruce, 59, 60, 62.
Banks, position of, and charges, Bruce, 361; Burton, 361; Treasury Memorandum, 375-6.
British Australian Wool Realisation Association, complaints of, with regard to Exchange, Allen, 351.
British manufactures protected against dumping in, Bruce, 172.
British market for productions of, apprehensions as to future of, Bruce, 8.
and British preference proposals, Bruce, 150-1, 170-1.
British protective tariff on foodstuffs and raw materials, with preference to Dominions would be welcome, Bruce, 64-5.
Cable services: Worthington-Evans, 292, 293; 323, 324, 325.
All-British cable, support for, Bruce, 302.
Appeal for Dominion Government support of Imperial Atlantic route, Worthington-Evans, 296.
Eastern Cable service charges, Bruce, 302.
Rates: Worthington-Evans, 294; 329.
Prohibitive to adequate news service, Burnham, 331-2.
Terminal Rate, reduction:
Appeal for, Worthington-Evans, 297.
Question of, Bruce, 302.
Reduction deferred, 327.
Commonwealth Bank, 373-4.
Commonwealth Government Line, aversion of rate war and satisfactory working of optional system of rebates or agreement, Mackinder, 242-3. Bruce, 252.
Conference Lines, aversion of rate war and satisfactory working of optional system of rebates or agreement, Mackinder, 242-3; Bruce, 252.

Australia—*Con.*
Contribution to Imperial Institute, resolution, 20, 414.
Cotton growing, Massey, 34.
Currency and exchange position and systems, Allen 352-3; Massey, 37; 371-5.
Customs duties on aircraft and accessories and British preference, 289.
Customs valuation, 214, 216, 220.
Dairy produce, possibilities of increased production, Massey, 33.
Economic position, Bruce, 49, 58.
Exports to United Kingdom, percentage 1921, Innes, 45.
Financial co-operation in Imperial Development:
Advance of interest more suitable than guarantee, Bruce, 126-7.
Proposals welcomed, Bruce, 125-128.
Forestry:
Position, and resources, Bruce, 433, 442.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Fruit:
Apples:
British imports Lloyd-Greame, 164.
"Brown-heart" in, inquiry into, 397.
Damage in transport, 410-11.
Dried, British preference on, suggested, Bruce, 60.
Dried and canned, importance of finding markets and connection with settlement schemes, Bruce, 60-1.
Export, 411.
Market difficulties, Bruce, 49, 58.
Production and marketing, assurance of improved efficiency, Bruce, 171.
Government co-operation with Fabrics Co-ordinating Research Committee, 402.
Harbour charges, position re Bruce, 253.
Honey exports to U.K. Lloyd-Greame, 165.
Immigration:
Assisted passages, 103, 120.
Boys training scheme, 109.
Conference with H.M. Government, January-February, 1921, 98-101-5.
Connection with preference, Bruce, 61.
under Empire Settlement Act, 1922, Buckley, 71.
Girls, apprenticeship scheme, 117.
Group system, Western Australia, 118.
Group schemes to be considered, Buckley, 95, 119.
Juveniles scheme, 116.
Land settlement schemes, 117-8, 119-21.
large areas available, Allen, 78.
Maintenance of families, 115-6.
Migrants of British and Irish nationality to and from, 1913, 1921, 1922, 109.
Nomination system, Amery, 90, 104, 113.
Passage agreement with H.M. Government Buckley, 95, 107.
Passage schemes Committee's report, 114.
Prospects, Buckley; Millen, 102-3.
Public school boys measures for encouragement, Buckley, 96, 116.

Australia—*Con.*
Immigration—*Con.*
Reception arrangements, Buckley, 95, 114-5.
Sir William Windham's mission, Buckley, 72.
Imperial Institute work for, Ormsby-Gore, 385.
and Imperial Shipping Committee, Bruce, 251-2, 256.
Imports from United Kingdom:
1913, 1922, Bruce, 53.
1920-21, Bruce, 52.
Per capita, Bruce, 55.
Manufactured goods, percentage, Bruce, 53.
Income tax system, Bruce, 254-5.
Judgments, Commonwealth prepared to accept reciprocal enforcement, Wilson, 342.
Limits of request for preferential treatment, Bruce, 172.
Livestock, attitude respecting, Bruce, 425.
Mail services:
Acceleration of, need for, and solution of airship service, Bruce, 232, 256.
Embarkation at Italian port, reasons against reverting to, Worthington-Evans, 229.
Future prospects Worthington-Evans, 229; Bruce, 232.
Improvement, need for, Massey, 36-7.
Present position, Worthington-Evans, 228; Bruce, 231-2.
Means of communication, importance of improvement, Bruce, 231.
Meat Industry:
Competition of South American States and appeal for consideration, Massey, 152.
Critical position of, Bruce, 172.
Danger of losing market, Bruce, 58, 68-9.
Increased production, possibility, Massey, 33.
Market in Great Britain, problem of, Bruce, 174-5.
War Office preserved meat contract not placed with, explanation, Derby, 203.
Murray River scheme, Bruce, 60-1; 103.
National Physical Laboratory work for, 396.
New Zealand's difficulty with regard to remittance of money to, Allen, 352.
Navigation Act, and consideration of by Royal Commission, Bruce, 254.
and Patents provisional scheme, 347.
Position in, Bruce, 177.
Power alcohol, commercial production questions, 408.
Preference to British goods; Bruce, 51-2, 59-60; Wilson, 203.
Conditions of, 218.
Value of, appreciated by Great Britain, Bruce, 140.
Public contracts, Imperial preference, Wilson, 203.
Railway schemes, proposed grant of interest in initial stages, Lloyd-Greame, 123.
Research expenditure and difficulties in supporting Imperial Institute Wilson, 387.
Scientific and industrial research organization, 393-401.
Shipping:
Assessment of, to income tax, question of, Bruce, 255; Lloyd-Greame, 255.
Acceleration only possible by combination of air, sea and land, and proposed scheme, Macklinder, 247.
Cheap freights, importance of, Bruce, 252.
Deferred rebates, quarrel between Commonwealth Government Line and Australian Conference of Steamship Lines respecting, and alleged boycotting of shippers by Conference Lines, enquiry into, Mackinder, 240-1; Bruce, 252.
Light dues, proposed taking over of, by Commonwealth Government, Bruce, 253-4.
Optional system of rebate or agreement, satisfactory working of, Mackinder, 243.
Port charges, decision that revenue not to be derived from, and charges to be limited to costs of providing required services, Bruce, 253.
Port charges, light dues, etc., suggested meeting between Australian representative and representatives of Chamber of Shipping, with regard to, Mackinder, 244-5.
Rate war, danger of, and aversion of, Mackinder, 242-3.
Size of ships, question, Mackinder, 264.
Subsidy necessary to give a faster service, enquiry into, by Imperial Shipping Committee, Mackinder, 246 .
Soldier land settlement schemes, Bruce, 49.
State enterprises, immunity of, attitude respecting, Bruce, 417.
Tariffs, reciprocal arrangements with other countries, refusal up to present, Bruce, 50.
Trade:
Overseas, 1880, 1901, 1921, Bruce, 54.
with U.K. compared with Russian 1913, Bruce, 176
Trade Commissioner Service, 207.
Wheat production, possibilities, Massey, 180.
Wines:
British preference on, and value of concession, Bruce, 150-1, 194; Lloyd-Greame, 150-1.
Standard of proof strength, question of, Bruce, 194; Lloyd Greame, 194.
Wireless:
Contract with Amalgamated Wireless Company for high-power station and question of receiving station in Great Britain, Bruce, 303-5, 312, 314-5, 338-9.
1921 Imperial scheme not agreed to by, Bruce, 312.
P.O. memorandum, 327-8.

Australia—*Con.*
Wireless—*Con.*
Post Office policy criticised in connection with, Donald, 335.
Proposed scheme, Worthington-Evans, 296.
Regional distribution of traffic, dangers of, Bruce, 313-4, 321.
Route *via* Canada, proposal, Bruce, 313-4.
Urgency of settlement of matter, Darbyshire, 337; Bruce, 338-9.
Wool, possibilities of increased production, Massey, 33.
Babington-Smith, Sir Henry, expression of regret at death of, Worthington-Evans, 293; Graham, 298
Bahamas:
Favourable to scheme recommended by British Empire Patent Conference, 345.
Mail service, 269-70.
Barbadoes:
Cable from Turk's Island, scheme, Worthington-Evans, 293-4; 325-6.
Mail service, 270.
Barlow, Sir Montague, Overseas Settlement, 86-7.
Basutoland, decision with regard to Scheme recommended by British Empire Patent Conference postponed until Union of South Africa has decided, 345.
Bechuanaland, decision with regard to Scheme recommended by British Empire Patent Conference postponed until Union of South Africa has decided, 345.
Bennett, Sir Thomas, representing the "Times" of India, wireless, Indian anxiety for action, 338.
Bermuda:
Cable service, 323, 325.
Favourable to Scheme recommended by British Empire Patent Conference, 346.
Mail service, 270.
Wireless communication with Canada, Graham, 300.
Bills of Lading, see under Shipping.
Bridgeman, Mr., Workmen's compensation, 451-3.
British capital, need for, King, 31
British Australian Wool Realization Association, complaints of, with regard to exchange, Allen, 350-1.
British Empire Exhibition: 112.
Admission of animals for, Massey, 426; Sanders, 426; Devonshire, 426.
British Guiana:
Aerial surveying, Ormsby-Gore, 285.
Alcohol production from molasses, 408.
Cable service and scheme, Worthington-Evans, 293, 323, 325.
Customs valuation, Imperial Customs Conference proposals accepted by, 210.
Forestry position and development impossible without financial assistance Ormsby-Gore, 435.
British Guiana—*Con.*
Mail service, 269.
Wireless service, Ormsby-Gore, 307.
British Honduras
Favourable to scheme recommended by British Empire Patent Conference, 346.
Forestry position and development impossible without financial assistance, Ormsby-Gore, 435
Mail service, 269.
British North America, Migrants of British and Irish nationality to and from, 1913, 1921, 1922, 109.
British South Africa, Migrants of British and Irish nationality to and from 1913, 1921, 1922, 109.
Brittain, Sir Harry, quoted, Bruce, 311
Bruce, the Right Hon. S. M., M.C., Prime Minister of Australia:
Air transport, 283.
Australia:
Beef industry, 172, 174-5.
and British Preference proposals, 126.
Cable services, 302.
Fruit industry, 50, 170.
Harbour charges, 253-4.
Income tax system, 254-5.
Mail services, 231-2, 256.
Preference on British goods, 50-2.
Wine industry, 150, 194.
British Market, value of, to Dominions and apprehensions as to future of, 57-59.
Commonwealth Navigation Act, 254.
Concluding speech, 462.
Empire currency and exchange, 355-7, 367-9.
Empire development resolution, 177.
Financial co-operation in Imperial Development, 125-8, 136, 137-9.
Food and Materials:
Committee's report, 173
Imperial Royal Commission suggested, 68-9.
Markets problem, 49, 50, 174-7.
Procedure for dealing with proposals discussion, 141-7.
Proposals, 63-7.
Forestry, 433.
Imperial communications, 301-339.
Imperial Economic Committee, 455-7
Imperial Shipping Committee, 251-2-3.
Livestock, import and export, Imperial policy, 424-5.
Opening speech, 48-69.
Overseas Settlement, 49, 59-60, 61, 97.
Public contracts, Imperial Preference in, urged, 62.
Russia, effects of revival of trade in, 175-6.
Shipping:
Assessment to income tax, 254-5.
Bills of Lading, international basis, 252.
Deferred rebates, 252.
Freight charges, 253-4.
Improvement of services, problem, 255-6.
Light dues, 253-4.
Port charges, 253.

Bruce, the Right Hon. S. M., M.C.—*Con.*
Tariff preference, 56; 57, 59-60, 170-2, 176-7, 194.
Trade, value of Dominion markets to Great Britain, 52-6.
United Kingdom:
Comparative value of Dominion and Foreign trade, 54-6.
Safeguarding of Industries Act, 56.
Wireless communications, 303-4, 309-16, 320-339.
Workmen's compensation, 451.
Buckley, Lieut.-Col. A., D.S.O., M.P., Parliamentary Secretary to the Department of Overseas Trade:
Overseas Settlement:
forthcoming Conference in Rome, 98.
Group system, 83.
Report, adoption moved, 97.
Statements, 70-6, 95-7.
Burney, Commander, Airship scheme of, *see under* Airships *under* Air Communications.
Burnham, Lord, inadequacy of present cable service, 331-2.
Burton, the Hon. H. K. C., Minister of Finance, South Africa:
Aerial surveying, 284.
Air transport, 284.
Bills of lading, 260.
Deferred rebates, 260.
Empire currency and exchange, remedies for, 360-3, 369-70.
Financial Co-operation in Imperial Development, 131-3, 136, 139.
Food and Materials Committee findings agreed with, 183-4.
Forestry, 433-4.
Imperial Communications, resolution, 306.
Imperial Economic Committee, 460.
Imperial Institute, 388-9, 392.
Imperial Shipping Committee, 259-60.
Livestock import into Great Britain, 427.
Overseas Settlement, 83-6.
Public contracts Imperial preference in, 203.
South Africa:
British preference, 153-4.
and British preference proposals, 154-5.
Cotton growing, 132-3.
Maize production, 193.
Wine industry, 155-6, 194-5.
State enterprises, immunity, 418.
Tariff preference, 146, 155-6.
Workmen's compensation, 452.

Cables:
All-British Cable, Australian support for, Bruce, 301-2.
Australian terminal rate, reduction:
Appeal for Worthington-Evans, 297.
Question of, Bruce, 302.
Competition with wireless companies, value of, Jeans, 337.
Concessions in British Empire to private enterprise in respect of services, preference to British Companies, resolution, 16, 328, discussion and adoption, 297, 306, 308-9.
Cables—*Con.*
from Defence point of view, disadvantage, Bruce, 309-10.
Deferred week-end and night letter services, Worthington-Evans, 294, 324, 326.
Eastern system, Worthington-Evans, 293, 323-4, 326.
Imperial Atlantic route:
Canadian Pacific Railway co-operation in scheme:
Desirability of, Worthington-Evans, 296, 300.
Question of, Graham, 299, 300.
Support by Dominion Governments:
Appealed for, Worthington-Evans, 296.
Australian attitude, Bruce, 302.
Resolution, 16, 297, 328-9; Worthington-Evans, 301; Lloyd-Greame, 301; adoption, 307-8.
Imperial Cable Service, 324-5.
Inadequacy of present service, Burnham, 331-2.
India, Innes, 306-7.
Pacific Cable Board, 323.
Additional capacity required and consideration of methods, Worthington-Evans, 293; Massey, 305; Bruce, 339.
Appreciation of work of, Graham, 298.
Duplication:
Proposed, 325.
Wireless development might avoid, Bruce, 310.
Entrusting of new West Indian cable to, plea for, Ormsby-Gore, 307.
Post Office memorandum, 323-7.
Rates:
Control provided for, in recent licenses to British Companies, 327.
Reduction, policy of Imperial and Colonial Governments, Worthington-Evans, 294.
Statement, 326-7.
Resolutions of Imperial Press Conference, Ottawa, 1920, 339-40
Statement by Sir Laming Worthington-Evans, 291-7.
Transatlantic routes: Worthington-Evans, 292.
American control, McGrath, 319.
P.O. memorandum, 323-4.
Week-end, to New Zealand: appreciation, Massey, 305.
West Indies:
Scheme, must come before wireless, Ormsby-Gore, 307.
Service and new scheme for Worthington-Evans, 293-4, 325-6.
Wireless needed to supplement Imperial cables, Bruce, 310.
Calcutta, bunkering of ships at, improvement owing to representations by Imperial Shipping Committee, Mackinder, 243.
California, fruit industry and possible competition of, Bruce, 58-9, 172.
Canada:
and Air Communications, Graham, 283.
Apples, British imports, Lloyd-Greame, 164.

Canada—*Con.*
British Commercial Consular and Diplomatic Services, utilisation of by Canadian firms and Government, 209.
and British Preference proposals, Graham, 147-50, 151, 166-7, 214.
Cables:
Communications and rates, Worthington-Evans, 292, 294, 323, 324, 325, 327.
Dominion Government support of Imperial Atlantic route, appeal for, Worthington-Evans, 296.
with West Indies, new scheme, Worthington-Evans, 293-4.
Canadian Pacific Railway:
Co-operation in Imperial Atlantic Cable scheme:
Desirability, Worthington-Evans, 296, 300.
Question of, Graham, 299, 300.
Exchange of traffic with Imperial Cable service, position, 325.
Canned salmon industry, Lloyd-Greame, 164-5; Graham, 168.
Cattle:
Breeding, position regarding, Sanders, 421-2; King, 428.
alleged Discrimination against, Graham, 424.
1922 Act, disappointment with, Graham, 423; King, 427-8.
Fat, British attitude: Sanders, 421, disappointment at, Graham, 422-3.
Inspection system and spirit of Act nullified by, Graham, 423-5.
Inspection difficulty and spirit of act should be adhered to, King, 428-9.
Store, raising of British embargo: Graham, 184; Sanders, 420-1.
Appreciated and preferences increased largely as result of, King, 427-8.
proposed Commercial Intelligence Imperial Advisory Committee not approved by representatives of, 226-7.
Contribution to Imperial Institute: Gouin, 387.
Resolution, 19, 415.
Currency and exchange, King, 359; Amery, 364; Graham, 367, 374.
Customs duties on aircraft and accessories and British preference, 289.
Economic position, King, 30; Graham, 148.
Economic relations with United States of America, Graham, 148.
Exports on which preference would be of most value, Graham, 167-9.
Financial co-operation in Imperial Development scheme not of direct interest to, at present, Gouin, 125-6; Massey, 130.
Financial institutions, soundness of, Graham, 367.
Flour export, discrimination against Canada in British shipping rates, Graham, 250.
Flour and rolled oats industry, Graham, 168, 169.
Forestry:
Attitude, Graham, 432-3.
Canada—*Con.*
Forestry—*Con.*
Average annual exports of wood, wood products and paper, 438.
Fire protection, Graham, 432, 446.
Products, expansion possibilities, Graham, 168-9.
Provincial rights with regard to, Graham, 432.
Pulpwood, investigation of position, Graham, 432.
Resources, 437-442.
Schools, Graham, 432.
Silviculture, proposal, 446.
Softwood trade, 439.
Trend of, towards United States, Lovat, 431, 438-9.
Trade in forest products, 442.
Trade in timber, wood manufactures and pulp of wood, 1922, 436-7.
post-War neglect, Graham, 432.
Fruit export, 411.
Fuel Research Board work for, 397.
Goods manufactured in, value 1920, Graham, 149.
Harbours, development of, Graham, 250.
Honey exports to U.K. Lloyd-Greame, 165.
Immigration:
Assisted passage rates, 120.
Attitude *re* King, 30-1, 103.
Boys training scheme, 108.
Children and juveniles, 116.
Conference with H.M. Government, January-February, 1921, 97-8, 101-5.
Co-operation of Railways, Graham, 77.
Difficulties realized, Barlow, 86.
under Empire Settlement Act, 1922, Buckley, 71; Graham, 76
Families, 108, 115-6.
Group schemes to be considered, Buckley, 95, 118-9.
Immigration employment service, Buckley, 95.
Land settlement schemes for ex-soldiers, 117-8.
Large areas available, Allen, 78.
Minister of, Hon. James Robb appointed, Graham, 76.
Nomination system, 113
Passage agreements with H.M. Government, Buckley, 95, 107-8.
Passage schemes Committee's Report, 113-4.
Position, Graham, 76-7.
Prospects, Buckley, 72.
Preference for British settlers, Amery, 91.
Public school boys measures for encouragement, Buckley, 96, 116.
Reception arrangements Committee's report, 114.
Teachers, scheme, 108.
Training, Buckley, 96.
Women, measures for encouragement of, 117.
Imperial Press Conference, 1920, extracts from Resolutions, 339-40.

Canada—*Con.*
Imports from United Kingdom:
1913, 1922, Bruce, 52.
per capita, Bruce, 55.
Fabric goods, obstacles to, and proposed establishment of branches in Canada, Graham, 148-9.
Manufactured goods, percentage, Bruce, 53.
Judgments, Provinces not yet ready to accept principle of reciprocal enforcement, Gouin, 342.
Mails:
Postal rates:
to Great Britain and U.S.A., 230.
Reduction question, Graham, 231.
Services Worthington-Evans, 228; Graham, 230, 269.
Manufactured goods not assembled from imported foreign products, Graham, 169-70.
Metal and mineral resources, Graham, 168.
Motor car industry, Graham, 170.
National Physical Laboratory's work for, 396.
Ontario, value of proposed preference on wines to, Graham, 193-4.
Overseas trade, 1880, 1901, 1921, Bruce, 54.
Paper industry, Graham, 169.
Patents non-adoption of scheme recommended by 1922 Conference, 345, 347.
Ports, discrimination against, 262.
Post Office Department, Graham, 230.
Preference:
on British goods, policy, King, 31; Graham 147-8, 167.
Conditions of, 218.
25 per cent rule, Graham, 169.
to India, Innes, 158.
to West Indies sugar, Graham, 170.
Public contracts, reciprocal arrangements with West Indies, Ormsby-Gore, 159.
Pulpwood, limitation of export, settlement of lands would be prevented, Graham, 432.
Raw Materials re-exported, rebate on, Graham, 149.
Scientific and industrial research organization, 393-401.
Shipping:
"Loyalty" principle, difficulty of applying, Graham, 249-50.
Steamship communication with West Indies, Graham, 300.
"Soldiers' Settlement Board," Graham, 76.
Stamp taxes, Graham, 230.
State enterprises, immunity of, attitude respecting, Graham, 417.
Sugar industry, Graham, 169-70.
Telephone system, 299.
Trade Commissioner in Jamaica, acknowledgement of services, Ormsby-Gore, 205.
Trade Commissioner Service, appreciation of services, Lloyd-Greame, 205, 208.
Trade with New Zealand, Massey, 33.

Canada—*Con.*
Western, development of traffic with British Isles via Panama Canal, Graham, 250.
Wheat production possibilities, Massey, 33, 180.
Wireless:
Communication with West Indies, scheme, Graham, 300-1; Amery, 301.
Communication with Government station agreed to, Worthington-Evans, 308, 330; Graham, 308.
Government stations and private companies, Graham, 298-9.
Position in, Bruce, 312-4, 321.
Proposed Scheme, Worthington-Evans, 295.
Workmen's compensation, Gouin, 452.
Canned fish, tariff preference, *see that title.*
Cape of Good Hope, Group Settlement, 1820, Burton, 84.
Ceylon:
Lightship on reef off, steps taken by Imperial Shipping Committee, Mackinder, 248.
and Scheme recommended by British Empire Patent Conference, 347.
Trade Commissioner service, 208.
Chamberlain, Rt. Hon. Austen, quoted on Imperial Preference, Bruce, 57.
Chamberlain, the Right Hon Neville, M.P., Chancellor of the Exchequer:
Financial co-operation in Empire development, procedure for further examination of scheme, 136-7.
Imperial Preference, British proposals, 159-60.
Imperial Preference in Public contracts, 201.
Cocoa, British preference, effects, Lloyd-Greame, 140.
Coffee, British preference, effects, Lloyd-Greame, 140.
Colonies and Protectorates:
Appeal for inclusion in preferences granted by Dominions, Ormsby-Gore, 191.
Loans raised by, Ormsby-Gore, 136.
and Patents provisional scheme, 345-8.
Representation on Imperial Economic Committee, resolution, 24, 462.
Size and importance, Ormsby-Gore, 46-7.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Treasury control not acceptable to, Ormsby-Gore, 136.
Vital interest in shipping questions, Grindle, 262.
Colonial Sugar Company, Massey, 35.
Commercial Facilities Committee:
Appointment, 205-6.
Constitution, 209-10.
First Report, 210-2.
Resolutions adopted, 207.
Second Report, 212-226.
Resolutions adopted, 207.
Third Report, 226-7.
Resolutions adopted, 207.

Commercial Intelligence:
Colonies and Protectorates should be considered, Ormsby-Gore, 205.
Co-operation between Home and Dominion Governments, Memorandum, 207-9.
Diplomatic and Consular Services:
Committee on, appointment of, 205-6.
Communciation with by Governments and firms of Dominions and India, 209.
Proposed making of services of, available to Governments of Dominions and India, and reciprocity hoped for, Lloyd-Greame, 205.
Resolution, 210-11, adopted, 206.
Commercial Travellers' Samples:
Admission free of duty, resolution, 211, adopted, 206.
Appointment of Committee on 205-6.
Resolution, 211, adopted, 206.
Statistics, *see that title.*
Trade Catalogues:
Admission free of duty, resolution, 211, adopted, 207.
Appointment of Committee on, 205-6.
Trade Commissioners:
British, tribute paid to, Massey, 205; Innes, 205.
Canadian service, appreciation of services, Lloyd-Greame, 205.
Canadian in Jamaica acknowledgment of services, Ormsby-Gore, 205.
Present Position, 207-8.
Utilization of services by Governments of Dominions and India, 208-9.
Cook, Sir E. M., C.S.I., C.I.E., patents, 347
Cooper, Sir James, Scheme with regard to Exchange, Allen, 352-3.
Copper:
African resources, Smuts, 39.
American supply, Smuts, 39.
Commercial and Industrial Policy after the War, Lord Balfour of Burleigh's Committee, 399.
Cotton:
African resources, Smuts, 39.
American supply, Smuts, 39.
Empire cultivation and possibilities, Lloyd-Greame, 26-27; Massey, 35; Ormsby-Gore, 47.
South Africa, prospects of industry and plea for application of financial co-operation scheme to, Burton, 132-3.
Crow, Mr. patents, 348.
Cuba, Sugar, American preference, Ormsby-Gore, 159.
Currants, Preference on, *see under* Tariff Preference.
Currency and Exchange, *see* Empire Currency and Exchange.
Customs Valuation:
Difficulties of parts of Empire basing duty on "invoice price," 215.
Dominions and Colonies not granting preference, 215.
Customs Valuation—*Con.*
where Duty based on "Invoice Price," explanatory memorandum, 222-6.
where Duty levied on "Current Domestic Value," explanatory memorandum, 216.
Invoices and certificates resolutions, 17-8, 213-4.
Cyprus:
Customs duties on aircraft and accessories and British preference, 289.
Customs valuation, Imperial customs Conference proposals accepted by, 214.
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Steamer communication with the United Kingdom and Canada, steps taken by Imperial Shipping Committee to effect improvement, Mackinder, 248.
Darbyshire, Taylor, Australian Press Association, wireless position in Australia, 337.
Darling, Mr., scheme with regard to Empire Currency and Exchange, *see under* Empire Currency and Exchange.
Davidson, J. C. C., C.H., C.B., M.P.:
Placed in charge of publicity arrangements, 69.
Thanks to, Lloyd-Greame, 464.
De Wet, the Hon. N. J., K.C., Minister of Justice, South Africa:
Patents, 348.
Reciprocal enforcement of judgments, 342.
Deferred Rebates, *see under* Shipping.
Denmark:
Exports to, and imports from Great Britain, 1922, Bruce, 54.
Imports from United Kingdom per capita, Bruce, 55.
Derby, Lord, Imperial Preference in public contracts, 203.
Devonshire, His Grace the Duke of, K.G., G.C.M.G., G.C.V.O.:
British Empire Exhibition, admission of animals for, 426.
Forestry, 432.
Imperial Institute, 389, 411-12.
Dominica, Island of, value of Lime juice preference to, Ormsby-Gore, 190.
Dominions Royal Commission:
Recommendation respecting Imperial Development Board, 399.
Recommendation respecting big ships, Mackinder, 246.
Donald, Robert, Chairman of Empire Press Union, Wireless services, 332-6.
Dunstan, Professor, Director of Imperial Institute, tribute to, 392.
East Africa:
Alcohol production from molasses, 408.
Cable services and rates, 323, 326, 327.
Currency Board, Ormsby-Gore, 363 Amery, 364
Shippers, formation of association, Mackinder, 243.
Wireless scheme, P.O. memorandum, 327-8.

Eastern Cable Company, Worthington-Evans, 293; Bruce, 302, 323.

Eccles, Dr., quoted, Donald, 333.

Economic Conference, special character of, Innes, 43.

Economic Development:
Government action in economic sphere, limits, King, 30.
Lessons of the past, Lloyd-Greame, 24-5.
Possibilities of the future, Lloyd Greame, 25.

Eddison, E. R., appreciation of work, Graham, 463.

Education, encouragement of teaching of British Empire history urged, Massey, 37-8.

Egypt:
Airship scheme, Bruce, 232, 318; Mackinder, 247; Hoare, 282.
Cotton cultivation, Massey, 35.
Currency, 372.
Wireless service, 327.

Emigration, *see* Overseas Settlement.

Empire Currency and Exchange:
Action by Dominion Note-issuing authorities, suggested remedy, Addis, 366.
Australia, situation in 1921 and 1922, Bruce, 355-6.
Bank charges, Addis, 365-71; Bruce, 368; Lloyd-Greame, 370, 375-6.
Central Banks, suggested remedy, Burton, 360; Addis, 366-7.
Committee on Inter-Imperial Exchanges:
Appointment, 365.
Approved, Bruce, 354.
Suggested, Allen, 352.
Constitution, Ormsby-Gore, 363, 382.
Proposal welcomed by Treasury, and should be Committee of Experts, Guinness, 358-9.
Report accepted and endorsed, 370, 371.
Resolutions, 382-3.
proposed Terms of reference, Guinness, 358-9.
Thanks to, 371.
Value of work of, Massey, 368-9.
Control of currency impossible without control of credit, Guinness, 358.
Sir James Cooper's scheme, Allen, 352-3.
Mr. Darling's scheme; Allen, 353-4; Bruce, 351, 368; Amery, 364.
Dead as far as South Africa concerned, Burton, 361-2, 370.
no Remedy, Guinness, 358.
Report of Committee on, Addis, 366.
Treasury memorandum, 371-4, 377-82.
Difficulties with regard to, between New Zealand and London, Allen, 350-1.
Difficulties not insuperable, instances from the colonies, Amery, 364.
Divergence of exchanges from parity Treasury Memorandum, 371-5.
sound Finance the only cure for difficulties, Burton, 361.

Gold standard:
Assumption of early restoration, Addis, 366.
Return to, the remedy, Burton, 360-2, 370; Ormsby-Gore, 363-4; Amery, 364; Addis, 366; Bruce, 367; Massey, 369.
South Africa's interest in, Burton, 361.
Stability of sterling an essential step towards, Amery, 364.
Improvement, need for, Massey, 37.
New Zealand difficulties and proposed action, Allen, 352, Massey, 359-60, 369.
Question might be referred to Economic Committee Massey, 369; Lloyd-Greame, 369.
Resolutions, 18, adopted, 371.
South African policy, Burton, 362.
Stability of sterling the main interest of the Colonies, Ormsby-Gore, 363-4.
Treasury memorandum, 372-82.
Ventilation of matter imperative and need for remedy, Bruce, 355-57.

Empire Press Union:
Council, resolution respecting wireless, 1921, 340.
Deputation from, 330-40.

Empire Settlement, *see* Overseas Settlement.

Europe, position in, Innes, 44.

Fabric goods, British, Canadian imports, obstacles to, and proposed establishment of branches in Canada, Graham, 148-9.

Falkland Islands:
Aircraft and accessories admitted free, 289.
Mail service, 270.
Patents, provisional scheme approved, 346.
Shipping communications, Mackinder, 248.
Whale fisheries, work by Food Investigation Board in connection with, 397.

Fanning Island, cable communications, Worthington-Evans, 292.

Far East, cable communications, Worthington-Evans, 293.

Federated Malay States:
Aircraft and accessories admitted free, 289.
Currency, management of, Amery, 364.
Patents, provisional scheme approved, 345.

Fiji:
Cable communication, Worthington-Evans, 292.
Customs duties on aircraft and accessories and British preference, 289.
Customs valuation, Imperial Customs Conference proposals accepted by, 214.
Judgments, reciprocal enforcement of, not in force, Ormsby-Gore, 342.
Patents, provisional scheme approved, 346.
Sugar production, Massey, 35.
Wireless communication question, Amery, 304.

Financial Co-operation in Imperial Development, *see under* Imperial Development.

Fitzgerald, Mr., Imperial preference, 156.

Flax, Empire production possibilities, Ormsby-Gore, 47-48.

Flour, preference, *see under* Tariff Preference.
Foodstuffs and Raw materials:
Mr. Bruce's proposals, discussion on procedure for dealing with, 144-7.
Committee:
Appointment, 160.
Constitution, 197.
Report: 197-200.
Adopted, 193.
Comments on, Bruce, 173.
Findings agreed with, Burton, 183-4: Innes, 187-8.
Empire production:
Effects on of revival of trade with Russia, Bruce.
Possibilities, Ormsby-Gore, 47-48; Massey, 182.
Imperial Royal Commission, suggestion, Bruce, 68-69.
Import Licenses:
Adoption of system not recommended, Lloyd-Greame, 161-162, 198-200.
Proposal, Bruce, 66.
Marketing:
British assistance in, urged, Bruce, 62.
Co-operative, a possible solution, Lloyd-Greame, 178; Massey, 178.
High rate of taxation responsible for high prices to consumer in Britain, Ormsby-Gore, 190.
Problem, Lloyd-Greame, 24; Bruce, 48, 49, 50, 174-6; Gore, 190.
Problem not fully solved by proposed preferences, Bruce, 174.
Preferential tariffs a matter for Great Britain to decide, Burton, 155-6.
Profit margins should be as small as reasonably possible Lloyd-Greame, 163; Massey, 177-8, 200.
Protection by Tariffs, the only real conclusion, Burton, 184.
Protective tariff on, with preference to Dominions, proposal, Bruce, 62-5.
Sliding scale tariff proposal, Bruce, 65-6.
Stabilization of prices:
Proposal, Bruce, 63, 66-7.
not Recommended, Lloyd-Greame, 163-4; 199-200.
State Purchase Board:
Proposal, Bruce, 67.
Report of Committee Lloyd-Greame, 161, 199, 200.
Subsidies:
Impracticability, Lloyd-Greame, 161, 197-8.
in New Zealand, not a success, Massey, 177.
Proposal, Bruce, 65-6.
Trade control:
Newfoundland experiments and non-success, McGrath, 186.
South Africa's experience, Burton, 184.
Foreign affairs, need for closer consultation on, Bruce, 310.
Forestry:
British Empire Forestry Association, 445.
British Government and Colonial Office attitude, Devonshire, 432.
Forestry—*cont.*
Central Training Institution:
Mr. Graham on, 432-3.
Mr. Innes on, 434.
Proposal, Lovat, 431-440-445.
Report of Education Committee of the British Empire Forestry Conference, 1923, 448-51.
Colonies' position, Ormsby-Gore, 435.
Commercial intelligence, proposal, 440-1.
Definition of policy, need for, Lovat, 430-1.
Diminution of supplies, Lovat, 430; Massey, 433, 442.
Empire Forestry Bureau, 441
Empire Forestry Conference, 1920, proposals, 443.
Empire Forestry Conference, 1923: 443, resolutions of, Lovat, 539-40; 443-6.
Education Committee, report, 448-51.
List of delegates, 447-8.
Empire resources, Lovat, 435-6.
Empire trade, 444.
European softwood position, Lovat, 430
Extent, distribution and character of forests, 442.
Finance, each country should arrange and provide for, Massey, 433.
Fire protection, Canada, 446.
Forest officers, must be independent of local politics and have assured position, Lovat, 430.
Forestry—*cont.*
Forest products:
Investigation, need for, Lovat 430-1; 439-40.
Trade in, 442.
Hardwoods and minor products, 438-9.
Development possibilities Lovatt 431.
Empire trade, 439.
Resources, 438-9.
Importance of subject Massey, 433; Burton, 433.
Memorandum by the Forestry Commission, 435-51.
Policy, 436, 443.
Resolution: 22; 431, 540.
Adopted, 435.
Approval Massey, 433; Burton, 433.
Principle approved, McGrath, 431, Innes, 434.
Suggested amended form, Lloyd-Greame, 434.
Shifting cultivation, 446.
Softwoods:
Empire trade, 439-40.
Supplies, 437-8.
Trade of Canada, trend of, towards United States, Lovat, 431; 438-9.
Standing Committee on Empire Forestry, resolution of Imperial Forestry Conference, 1923, 445.
Survey of resources, proposal, Lovat, 429-30, 439-40, 444, 445.
Trade in timber, wood manufactures and pulp of wood, 1922, 436-7.
France:
Differencial tariff for colonies of Bruce, 57.

France—*Con.*
Imports from United Kingdom: 1913, 1922, Bruce, 53.
Per capita Bruce, 55.
Manufactured goods, percentage, Bruce, 53.
Wireless stations, Bruce, 311, Donald, 333-4.

Fruit:
see also under Names of Countries.
Dried, preference, *see under* Tariff Preference.
Fresh:
Damage in transport, 411.
Oversea trade in 1921, 411.
Overseas transport, application of science and research to problems of, need for, 409-11.
New Zealand industry, position, Massey, 151-2.
Preserved, preference, *see under* Tariff Preference.

Fruit juices, preference, *see under* Tariff Preference.

Gambia:
Customs duties on aircraft and accessories, 289.
Favourable to sceme recommended by British Empire Patent Conference, 346.

Garran, Sir Robert, K.C.M.G., patents, 347.

Genoa Conference, 199.

Germany:
Airships, Amery, 285.
Hides import from India, Innes, 189.
Imports from the United Kingdom:
Manufactured goods, percentage Bruce, 53.
Per capita, Bruce, 53.
Samoan copra import, Ormsby-Gore, 47.
Total exports, 1890, 1900, 1905, 1910, 1912, Bruce, 56.
Wireless stations, Bruce, 311.

Gibraltar:
Aircraft and accessories admitted free, 289.
Favourable to scheme recommended by British Empire Patent Conference, 346.

Gilbert and Ellice Islands, favourable to Scheme recommended by British Empire Patent Conference, 346.

Gold Coast:
Customs duties on aircraft and accessories, 289.
Customs valuation, Imperial customs Conference proposals accepted by, 214.
Forestry resources, 442.
and Patent scheme, 345.

Gouin, the Hon. Sir Lomer, K.C.M.G., Minister of Justice and Attorney-General, Canada:
Financial co-operation in Imperial Development, 125-6, 137.
Imperial Institute, 387.
Judgments, reciprocal enforcement, 342.
Workmen's Compensation, 451.

Government Hospitality Fund, thanks to, Graham, 463.

Graham, the Hon. George P., LL.D., Minister of Railways and Canals, Canada:
Air communications, 283.
Canada:
Economic position, 148.
Economic relations with United States of America, 148.
Import of British fabric goods, 148-9.
Harbours, development, 250.
Manufactured goods, 169-70.
Raw materials, re-exported, rebate on, 149-50.
Shipping, "Loyalty principle, difficulty of applying, in Canada, 249-50.
Canadian Pacific Railway and Imperial Cable scheme, co-operation question, 299-300-1.
Concluding speech, 462-3-4.
Currency and exchange, 367.
Financial co-operation in Imperial development schemes, 137-8.
Forestry, 432-3.
Government Hospitality Fund, 463.
Imperial Economic Committee, 458-9.
Imperial Institute, 390.
Livestock import and export, Imperial policy, 422-3-4-5.
Mail services, 230-1.
Overseas Settlement, 188, 76-7-96-7.
Pacific Cable Board, 298.
Panama Canal route, 250.
Public contracts, Imperial Preference in, 202-3.
St. Lawrence route, insurance rates, 251.
Shipping communications, 249-50-1.
State enterprises, immunity of, 417.
Tariff preference, 147-8-9-50-51, 166-70, 193-4.
United States of America Tariff, 148; 150.
Wireless communications, 298-9, 300, 308
Workmen's compensation, 452.

Great Britain, see United Kingdom.

Greece:
Commercial Treaty with, Lloyd-Greame, 142.
Currents, possible dumping, Bruce, 171.
Imports from United Kingdom per capita, Bruce, 55.

Grenada, favourable to Scheme recommended by British Empire Patent Conference, 345.

Grindle, Sir Gilbert, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies:
Colonies and Protectorates, vital interest in shipping questions, 262.
Workmen's compensation, 453.

Guinness, Colonel:
Empire Currency and exchange, 356-9.
Imperial Penny Post, 235.
Wines, preference proposals, 193.

Halifax:
Cable Service Worthington-Evans, 292, 323, 325.
Wireless service, 327.

Hoare, the Rt. Hon. Sir Samuel, Bt., C.M.G., M.P., Secretary of State for Air, Air communications, statement on, 281-3.

Hogg, Sir Douglas, reciprocal enforcement of judgments, 341-2, 343.

Holland, assistance of Colonies, Bruce, 57.

Honey, preference on, see under Tariff preference.

Hong Kong
Aircraft and accessories admitted free, 290.
Bills of lading, forms, Mackinder, 240.
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Wireless scheme, P.O. memorandum, 328, 329.

Hooghly, wireless installation on pilot vessel off, steps taken by Imperial Shipping Committee, Mackinder, 248.

Imperial Communications: see also Air, Cables, Mails, Shipping and Wireless.
Cheap and rapid communication, necessity for, Bruce, 309-339; Worthington-Evans, 320.
Dissemination of British news throughout the world, need for, Bruce, 318.
Improvement, importance of, Massey, 36-7; Smuts, 41.
Political importance of efficient communications, Donald, 323-3
Questions to be considered, Lloyd-Greame, 27.

Imperial Communications Committee:
Association of Dominions and India, resolution: 15, 297, 301, 328.
Agreed to, 305-6-7.
Work of, Amery, 297.

Imperial Customs Conference, London, 1921, 213.

Imperial Development: Bruce, 54.
Acceleration of schemes throughout the Empire of vital interest to Great Britain, Lloyd-Greame, 121-2, 125-6; Massey, 128.
Financial co-operation:
Advance of interest:
India's position, Innes, 135.
New Zealand's development schemes would be accelerated, Massey, 128.
Proposal, Lloyd-Greame, 123-4.
more Suitable to Australia than guarantee, Bruce, 126-7.
Australian welcome of proposals, Bruce, 126-8.
Canada not directly interested in, at present, Gouin, 125-6; Massey, 130.
Colonies' attitude towards proposals, Ormsby-Gore, 135-6.
for Colonies, importance of, Bruce, 128.
four Conditions of proposed scheme, Lloyd-Greame, 123-4 acceptable to Australia, Bruce, 127.
H.M. Government's proposals, Lloyd-Greame, 123-5.
General welcome extended to, 138-9.
Report of Committee, 138.
Guarantee of interest, India's position, 135.
Guarantee probably helpful with regard to small Colonies, Bruce, 126.

Imperial Development—*Con.*
Financial Co-operation—*Con.*
India prepared to co-operate, Innes, 134-135.
Sir P. Lloyd-Greame on, 26-7.
New Zealand undertakings likely to benefit from, instances, Massey, 128-30.
Procedure for further examination of scheme, discussion, 136-8.
Resolution 12, adopted, 139.
South African Government undertakings not likely to need, Burton, 131.
South African cotton growing, plea for application of scheme to, Burton, 132-3.
South African Public Utility and Private undertakings, possible application of proposals to, Burton, 131-2.
Statement, Lloyd-Greame, 121-4.
Discussion on, 124-39.
Treasury control not acceptable to Colonies, Ormsby-Gore, 136.
Value of proposals as shown by instance in Newfoundland, Winter, 133.
Resolution, 12; Bruce, 177.

Imperial Development Board recommendation of Dominions Royal Commission, 399.

Imperial Economic Committee:
Advantages doubtful, Smuts, 41; Graham, 458.
Approval of suggestion, Massey, 459-60.
proposed Character of, Bruce, 456; Lloyd-Greame, 458.
Constitution, 461-2.
Desirability of, Lloyd-Greame, 28, 457-8; Bruce, 456.
Discussion, 455-61.
Empire currency and exchange might be referred to, Massey, 369; Lloyd-Greame, 369.
Expenses, provisions, Lloyd-Greame, 461.
Experimental basis suggested, McGrath, 460; Innes, 460.
Functions, Massey, 459; Burton, 460.
Questions to be dealt with by, Bruce, 456-7.
Representation of Colonies and Protectorates, suggestion, Ormsby-Gore, 460-1.
Resolution 22; Bruce, 455-7.
Adoption, 461-2.
Value to be derived by Colonies and Protectorates, Ormsby-Gore, 460-1.

Imperial Economic Conference:
Agenda, 69-70.
Appreciation of assistance rendered by Officials, Massey, 462-3.
Publicity arrangements, 69.
Value of, King, 29.

Imperial Institute:
Amalgamation of Imperial Mineral Resources Bureau, see under Imperial Mineral Resources Bureau.
Australia's difficulties in supporting, Wilson, 387.
Canada willing to contribute, Gouin, 387.

Imperial Institute—*Con.*
Clearing house scheme of Scientific and Industrial Research Department, 400.
H.M. Government recommendations, 411-12.
Committee:
Appointment, 390.
Constitution, 413.
Report: 414-5, discussion on and adoption, 390-2.
Contributions from H.M. and Oversea Governments 1922, 412.
Exhibition Galleries:
Closure:
Agreed to, Burton, 392; McGrath, 392; Innes, 392.
Saving to be effected and need for, Ormsby-Gore, 386, 392.
Retention:
Case for, Allen, 391.
Hoped for, Massey, 388.
Estimate of expenditure and contributions from Dominions and India resolution recommended by Committee, 414-15.
Finance, proposals, Ormsby-Gore 386; Devonshire, 387, 412.
Functions, Salisbury, 383-4.
Historical and sentimental aspect, Devonshire, 387.
Importance of work, Massey, 388.
Indian and, Ormsby-Gore, 385-6; Innes, 389; Winterton, 390.
Irish Free State attitude Riordon, 389.
Laboratory Committee Resolution recommended by Committee, 414-5.
Management, Ormsby-Gore, 386, 414.
not Popular with Dominions as hitherto conducted, Burton, 388.
proposed Reorganization:
Approved, Allen, 387-8.
Doubt as to value of, Innes, 390.
Resolutions 19-20, agreed 392-3.
Revenue, sources of, Ormsby-Gore, 384-5.
South Africa's attitude, Burton, 388-9.
Support by Dominions and India essential, Ormsby-Gore, 384-5.
Treasury letter *re*, 413.
Imperial Mineral Resources Bureau:
Amalgamation with Imperial Institute:
Scheme, 411.
further Consideration suggested, Burton, 388-9.
Importance of, Ormsby-Gore, 386; Allen, 387-8.
Contributions from H.M. Oversea Governments, 1922, 412.
Functions, 399-400.
Resolution, 19.
Imperial Preference:
in Public Contracts, *see that title.*
Tariff, *see* Tariff Preference.
Imperial Shipping Committee, *see under* Shipping.
Imperial War Conference, 1917, resolution on tariff preference, Massey, 182.
Australia's position regarding, Bruce, 59-60.
Reaffirmed, 12-13, 192-3.
India:
Airship service to, Burney scheme, Hoare, 282; Innes, 284-5.
Bills of lading, policy as regards, Innes, 261.
Bombay City development scheme, Innes, 134.
British and Canadian Trade Commissioners, 207.
Cable services and rates, Worthington-Evans, 292, 323-4-6-7; Innes, 307.
Contribution to Imperial Institute, resolution, 19, 415.
Currency and exchange, Innes, 363, 374-5.
Customs duties on aircraft and accessories, 289-90.
Customs valuation, 214-15.
Development schemes, proposed grant of interest during initial stages, Lloyd-Greame, 123.
Discriminating protection policy, Innes, 45.
Economic position, Innes, 156.
European markets for, importance of, Innes, 188-9.
Exports to United Kingdom, percentage, 1921, 1922, Innes, 45-6.
Financial co-operation in imperial development schemes, willingness to co-operate in, Innes, 134-5.
Financial position, effect of war on, Innes, 44-5.
Forestry:
Position and resources, Innes, 434.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Government:
Co-operation with Fabrics Co-ordinating Research Committee, 402.
Position of, Innes, 43.
Hides and skins, attempt to encourage export to Empire countries by preference and failure, Innes, 188-9.
and the Imperial Institute, Ormsby-Gore, 385-6; Innes, 389-90; Winterton, 390.
Imperial Preference in public contracts, difficulties to acceptance of resolution, Innes, 203-4.
and Imperial Shipping Committee, Innes, 261-2.
Import duties, increase, Innes, 156-7.
Imports from United Kingdom: 1913, 1922, Bruce, 53.
Large proportion and prospects of increase, Innes, 45-6.
Manufactured goods, percentage, Bruce, 53.
Judgments, reciprocal enforcement, matter under consideration, Innes, 342.
Livestock, no grievance, Innes, 427.
Mails:
Embarkation at Italian port, reasons against reverting to, Worthington-Evans, 229.
Services: Worthington-Evans, 228, 269.
and Regularity desired rather than increased speed, Innes, 235.
Merchant Shipping Act, Innes, 418.
National Physical Laboratory's work for, 396-7.

India—*Con.*
and Patents provisional scheme, 347-8.
Preference principle, non-acceptance of, Innes, 156-8, 187-9.
Railway and other development schemes, Innes, 46, 134-5.
Representation on Imperial Economic Committee, resolution, 23, 462.
Shellac, export to U.S.A., Innes, 189.
Shipping:
Deferred rebates question, Innes, 261.
with the Seychelles, recommendations for improvement made by Imperial Shipping Committee, Mackinder, 248.
Taxation question, Innes, 261.
State enterprises, immunity, attitude respecting, Innes, 418.
Store purchases:
Difficulties in way of Imperial preference, Innes, 203-4.
in London, large proportion, Innes, 201; Winterton, 204.
Sugar, purchase from Java and difficulties in way of purchase at higher price, Innes, 203-4.
Sukkur Barrage Scheme, Innes, 134.
Tariff concessions to, by Great Britain, New Zealand and Canada, gratitude for, and possibilities of reciprocation, Innes, 158.
Tobacco industry, Innes, 187.
Trade:
Effect of war on, Innes, 44-5.
Import and export statistics, Innes, 44.
Trade Commissioners in, Innes, 205.
Trade Commissioner's services in all part of the Empire utilized by, 207-8.
Trade Facilities Act might be brought to notice of business interests in, Innes, 135.
Wages, Innes, 157.
Wireless:
Anxiety for action, Bennett, 338.
Position, Innes, 319-20.
Private enterprise preferred, Innes, 307.
proposed Scheme, Worthington-Evans, 297, 327-8.
Workmen's compensation, Innes, 452-453.
India and Ceylon, Migrants of British and Irish nationality to and from 1913, 1921, 1922, 108.
Indian Labourers Fiji, Massey, 35.
Indo-European Cable Company, Worthington-Evans, 293, 324, 326-7.
Innes, C. A., C.S.I., C.I.E., Member of Governor-General's Council for Commerce and Railways, India:
Air communications, 284-5.
Burney airship scheme, 284-5.
Concluding speech, 463.
Currency and Exchange, 363.
Economic Conference, special character of 43.
Financial co-operation in Imperial Development, 134-5, 139.
Foodstuffs and Materials Committee's report endorsed 187-8.
Innes, C. A.—*Con.*
Forestry, 434-5.
General Economic outlook, 44.
Great Britain, economic position, 44.
Imperial Communications, 306-7.
Imperial Economic Committee, 460.
Imperial Institute, 388-9, 392.
Imperial Preference in public contracts, 203-4.
Imperial Shipping Committee, 261-2.
India:
Development schemes, 46, 134.
Discriminating protection policy, 45.
Economic position, 156.
Government, position of, 43.
Imports from Great Britain, large proportion and prospect of increase, 45.
Preference principle, non-acceptance of, 156-7, 187-8.
Reciprocal enforcement of judgments in, matter under consideration, 343-4.
Shipping communications, 271-2
Tariff concessions to, and possibilities of reciprocation, 158.
Trade Facilities Act might be brought to notice of business interests in, 135.
Trade and finance position, 44-5.
Livestock, 427.
Mail services, 235.
Opening speech, 43-6.
State enterprises, immunity, 418.
Tariff Preference, attitude of India, 187.
Trade Commissioners, 205.
Wireless communications, 319-20.
Workmen's compensation, 452-3.
Irish Free State:
Aircraft and accessories admitted free, 289.
Contribution to Imperial Institute, resolution, 19, 415.
Customs valuation, 214-5.
Fiscal Enquiry Committee, Riordan, 203.
Forestry, proposed legislation, Riordan, 434.
and Imperial preference, Fitzgerald, 156.
and Imperial Institute, Riordan, 389.
Interest in all Red Route and question *re*, Riordan, 260, 264-5, reply Mackinder, 264; Amery, 265.
Patent legislation, form not yet decided, Riordan, 348.
Position of, at Economic Conference, McGrath, 42.
and Tariff preference proposals, Riordan, 185.
Italy
Differencial tariff for possessions, Bruce, 57.
Embarkation of Indian and Australian mails at Italian port, reasons against reverting to, Worthington-Evans, 229.
forthcoming Emmigration Conference in Rome, Buckley, 98.
Imports from United Kingdom per capita, Bruce, 55.
Jamaica:
Cable service, 323.
Canadian Trade Commissioner acknowledgment of services, Ormsby-Gore, 205.
Honey industry, Ormsby-Gore, 190.

Jamaica—*Con.*
Mail service, 270.
Sugar industry, benefit of Government preference proposals, Ormsby-Gore.
Wireless service, not very satisfactory, Ormsby-Gore, 159.
Japan:
Competition with Canada in canned salmon Graham, 168.
Differential tariff for possessions of, Bruce, 57.
Wireless stations, Donald, 333.
Jeans, Mr., representative of Reuter's, 335-6
Judgments, reciprocal enforcement:
Administration of Justice Act, 1920, Hogg 341.
Australian Commonwealth prepared to accept principle, Wilson, 342.
Canadian provinces not yet ready to accept principle of, Gouin, 342.
Commercial Awards, enforcement position Hogg, 341-2.
Common Law position, Hogg, 427.
India's position, Innes, 341.
New Zealand's policy, Allen, 342; Ormsby-Gore, 342.
in Newfoundland, McGrath, 342.
Present position, Hogg, 341-2.
Resolution, adopted, 16-343.
South Africa's position, De Wet, 342.
Keatinge, Mr., report on cotton growing in South Afrcia referred to, Burton, 132-3.
Kenya:
Customs duties on aircraft and accessories, 290.
Mail service, 270.
Reciprocal enforcement of judgmentments not in force, Ormsby-Gore, 342.
Timber, investigation by National Physical Laboratory, 397.
Kerney, N. K., representing "Argus" group of South African newspapers, 337.
King, the Right Hon. W. L. Mackenzie, C. M.G., Prime Minister of Canada:
Canada's post-war economic position, 29.
Canadian preference on British Goods, 31-2.
Currency and exchange, 359, 365.
Empire's need for British Capital, 31.
Great Britain's post-war trade difficulties, 29.
Imperial Economic Conference, value of, 29.
Limits of Government action in economic sphere, 30.
Livestock, Imperial policy respecting import and export, 427-9.
Opening speech, 29-32.
Overseas Settlement, Canadian attitude towards, 30-1.
Kingston, Jamaica, harbour, advice given by Imperial Shipping Committee, Mackinder, 248.
Levant, possible competition in dried fruits, Bruce, 58.
Lime juice, preference, see under Tariff Preference.
Liquid fuels:
Dependence on foreign countries for supply of, 406.
Petrol, United Kingdom imports, 1920, 1921, 1922, 407.
Power alcohol:
Commercial production in United Kingdom, impossibility, 407.
Coordination re, suggestion, 510-12.
Production in the Empire, investigation of possibilities by Fuel Research Board, 509.
Production methods, 407.
Livestock:
Admission for British Empire Exhibition, Massey, 425; Sanders. 425; Devonshire, 425.
Australian attitude, Bruce, 425.
Canadian cattle:
Breeding, opposition of British agriculturists to admission of, Sanders, 421-2, disappointment at, King, 428.
Fat, British attitude, Sanders, 421, disappointment at, Graham, 422-3.
Inspection difficulty and spirit of act should be adhered to, King, 428-9.
Inspection system under Act, and spirit of Act nullified by, Graham, 423-4.
Spirit of agreement should be adhered to King, 427-8.
Store cattle, removal of embargo on, Graham, 148; Sanders, 420-1.
Appreciated and preferences increased as result of, King, 427.
alleged Discrimination between Dominions, Graham, 424-5.
Diseases of Animals Act, 1896, Sanders, 420.
Implication of, protests, Graham, 422; Bruce, 425.
New Zealand:
Freedom from disease, Massey, 425-6.
Inspection system, Massey, 429.
Pedigree stock, inter-Imperial trade:
Proposal, Sanders, 422, opinion re, Graham, 424.
Resolution, 429.
South African interest in, Burton, 427.
Resolution, 21, 429.
Lloyd-Greame, the Right Hon. Sir Philip, K.B.E., M.C., M.P., President of the Board of Trade:
Australian wine industry, 194.
Bills of lading, appeal for Empire uniformity, 260.
British Empire, economic development, 24-5.
British Empire Patent Conference, 1922, recommendations, 343.
Commercial Intelligence, 205-6.
Concluding speech, 463-4.
Diplomatic and Consular Services, 205.
Empire Currency and exchange, 353, 370, 371.
Financial co-operation in Imperial Development, 26-7, 121-5, 126, 130, 131, 136-7, 138, 139.
Foodstuffs and Raw Materials, 144-47, 160-164, 173, 178.

Lloyd-Greame, the Right Hon. Sir Phillip—*Con.*
Forestry, 429-431-434.
Great Britain, economic position of, 24.
Imperial Communications, 27, 249, 300, 301-302.
Imperial Economic Committee, 28, 457, 459, 460, 461.
Imperial Shipping Committee, extension of powers deprecated at present, 266-7.
Opening speech, 23-28.
Overseas Settlement, 25-6, 98.
Shipping, assessment of, to income tax, 254.
Shipping communications, Economic defence, 350.
State enterprises, immunity of, 415-7.
Steps for improvement of mutual trade, 28.
Tariff preference and British Governments proposals, 27, 140-4, 150-1, 154, 164, 185, 186, 191-2.
Thanks to, 462-3.
Trade Commissioners, 205.

McGrath, the Hon. Sir Patrick T., K.B.E., Member of Legislative Council, Newfoundland:
Cables, transatlantic, 318-9.
Currency and exchange, 363.
Concluding speech, 463.
Financial co-operation in Imperial development, 139.
Imperial Economic Committee, 460.
Imperial Institute, 392.
Forestry, 434.
Judgments, reciprocal enforcement, 342.
Opening speech, 42.
State enterprises, immunity, 418.
Tariff preference, 185-6.
Trade control experiments in Newfoundland, 186-7
Wireless communications, 318-9.

Machines and machinery, imports into Australia from United Kingdom 1920-21 and value of preference on, Bruce, 52.

Macintosh, Sir William, M.L.A.:
Concluding speech, 463.
Overseas settlement, 97.

Mackinder, Sir Halford, Chairman Imperial Shipping Committee:
Appreciation of work, resolution, 14, 267.
Durban Dry Dock, 263-4-5.
Imperial Shipping Committee, 235-249, 265-6.
Shipping:
Acceleration of services by combination of air, sea and land, scheme, 247-8.
All Red Route, 264.
Assessment to income tax, 254, 263.
Associations of shippers, value to be derived from, 263-4.
Bills of lading, 238-40.
Coasting voyages, 245.
Deferred rebates, 240-4.
Freights:
Factors governing, 245-6.
New Zealand, 263.
High port charges, 245-6.
Irritation in shipping world, 237-8.
Position of industry, 248-9.
Rates, relation of migration to, 245.
Round voyage the economic unit, 244.

Mackinder, Sir Harold—*Con.*
Shipping—*Con.*
Size of ships, 246-7, 264.
Statement on, 235-249; appreciation of Innes, 261.
Subsidies.

Mail Services:
Air Mails, see under Air Communications.
Australian, and need for improvement, Massey, 36-7; Bruce, 318, 231-2.
British subsidies, Worthington-Evans, 228.
Canadian postal rates, Graham, 230.
Facilities, dependence on cargo and passenger traffic, Worthington-Evans, 228, Bruce, 231-2.
recent Improvements, Worthington-Evans, 228.
India, services, and regularity desired rather than increased speed, Innes, 235.
New Zealand, conference with G.P.O. suggested, Worthington-Evans, 234-5, agreed to, Massey, 234-5.
New Zealand, and need for improvement, Massey, 36-7, 239-40, 258-9.
Penny Post, Imperial:
Appeal for restoration of, Massey, 291-2, 21, 233-4.
Dependent on internal penny post, Worthington-Evans, 229-30.
and possible Revenue loss, Guinness, 235.
Post Office Memorandum, 268-272.
Rates.
Importance of cheap rates, Graham, 231.
Resolutions of Imperial Press Conference, Ottawa, 1920, 340.
Statement by Sir Laming Worthington-Evans, 228-30.

Malta
Customs duties on aircraft and accessories, 290.
Reciprocal enforcement of judgments in not in force, Ormsby-Gore, 342.
Scheme recommended by British Empire Patent Conference to be adopted, 345.

Manufactured Articles Research, proposals for co-ordination of, 400-1.

Marconi Company:
Canadian Government licenses to, Graham, 299.
Negotiations of H.M. Government with, Worthington-Evans, 295-6, 304, 320-1-2.

Massey, the Right Hon. W. F., Prime Minister, New Zealand:
Airships, 37, 283-4.
British Empire history, encouragement of teaching urged, 37-8.
British industries, Empire should support, 181-2.
British Trade Commissioners, 205.
Cable communications, 304.
Concluding speech, 462.
Cotton cultivation within the Empire, 35.
Empire currency and exchange, 37, 359-60, 368-9.
Empire self-supporting possibilities, 33, 181-2.

Massey, the Right Hon. W. F.—*Con.*
Financial cooperation in Imperial Development, 128-30, 139.
Foodstuffs and materials, 147, 177-8.
Forestry, 433.
Imperial communications, need of improvement, 36-7.
Imperial Economic Committee, 459-60.
Imperial Institute, 388.
Imperial Shipping Committee, 257, 267.
Income tax, 259.
Lvestock import and export, Imperial policy, 425-7.
Meat trade, 37, 152.
Merchandise Marks Act, 182-3.
New Zealand:
Bills of lading and deferred rebates, 257-S.
and British preference proposals, 151-3.
Dairy farming, 34, 82-3, 179.
Fruit-growing industry, 151-2.
Hydro-Electric schemes, 123.
Housing, 80-1-2.
Land Settlement, 35-6.
Livestock inspection system, 429.
Mail services, 232-4-5, 258-9.
Meat Export Control Board, 258.
Meat production and industry, 36, 426-7.
Overseas Settlement, 32, 79-80-3.
Preference to Great Britain, 152-3.
Shipping, 257-9.
Tobacco growing, 179.
Trade with Britain, 36 180-1.
Opening Speech, 32-38.
Penny post, 229, 234.
Public contracts, Imperial Preference in, 203.
Record journey, 36-7.
Sugar production, 35.
Sea communications, vital importance of, 257.
State enterprises, immunity, 418.
Tariff preference, 34-5, 152-3, 177-83, 194.
Wireless communications, 37, 305-6, 316-7-8, 322.
Workmen's compensation 452.

Mauritius:
Customs duties on aircraft and accessories, 290.
Mail service, 271.
Sugar industry and benefit of Government preference proposals, Ormsby-Gore, 159.
Unfavourable to Scheme recommended by British Empire Patent Conference, 346.

Meat Trade:
Australia and New Zealand, South America's competition and appeal for consideration, Massey, 152.
Beef industry:
Australian, critical position of and problem of market, Bruce, 172, 174-5.
Capture of British market by Argentine, Massey, 426-7.
Problem of marketing in Great Britain, Massel, 177-178.
for British Army and Navy:
Beef contract given to country outside the Empire, Massey, 36.

for British Army and Navy—*Con.*
Meat Trade—*Con.*
Naval contracts within the Empire, Amery, 202.
War Office contracts:
in Frozen meat with Empire wholly Derby, 203.
Preserved position re Derby, 203.
Merchandise Marks Act, Amendment, desirability, Massey, 182, 183.
Merchandise Marks Bill and "Empire Produce," Sanders, 183.
Metal Manufactures, imports into Australia from United Kingdom, 1920-21 and value of preference on, Bruce, 52.
Mexico, petroleum production 1921, 1922 406.
Milk, condensed and sweetened, British preference would be welcomed Massey, 152.
Millen, Senator the Hon. E. D., on State-aided Empire settlement, 1921 102-103.
Milner, Viscount, on State-aided Empire settlement 1921 102.
Mineral Resources of the Empire, Co-operation in utilization of, importance, 400-401.
Molasses, preference, *see under* Tariff Preference.
Montreal harbour, development, Graham 250-251.
Motor Cars, preference, *see under* Tariff Preference.
National Physical Laboratory functions and work for Dominions, etc., Salisbury 384, 396-397, 400.

New Zealand:
Administration of Justice Act 1920 adopted by, Hogg, 341.
Alcohol production from molasses, 408.
Animals from, for Empire Exhibition, question respecting, Massey, 426.
Apples industry, and effect of preference on Lloyd-Greame 164; Massey 164, 178, 179.
Banks, position of, and profits made on exchange, Allen 351-352; Bruce 356-357, 375-376.
Barley cultivation Massey 180.
Britain's growing market in Massey 180-181, and British preference proposals, Massey, 151-152, 177.
Cables:
Appeal for Dominion Government support of Imperial Atlantic route, Worthington-Evans, 296.
Appreciation of reduction of rates, Massey, 305.
Rates 327.
Services, Worthington-Evans, 292, 323-324.
Canned salmon industry prospects, Massey 179-180.
proposed Commercial Intelligence Imperial Advisory Committee not approved by representatives of 227.
Cattle, inspection system, Massey 429.
Contribution to Imperial Institute, Massey 388, resolution 19, 415.

New Zealand—*Con.*
Currency and Exchange:
Action proposed, Massey 369.
Complaint with regard to rate of exchange, Massey 359-60.
Mr. Cooper's scheme, Allen 352-3.
Difficulties with regard to, Allen, 251-2-3.
Systems 371-2-3.
Customs duties on aircraft and accessories and British preference, 289.
Customs valuation 214, 216, 220.
Dairy farming and development, Massey 34, 82, 179.
Development schemes:
Advance of interest would accelerate, Massey, 128.
Undertakings likely to benefit from proposed financial co-operation, instances of, Massey, 128-9.
Exports:
Increase in last ten years, Massey 34.
to United Kingdom, percentage 1921 Innis 45.
Foodstuffs system of subsidies not a success Massey 177.
Forestry:
Position and resources, Massey 433, 442.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Fruit-growing industry, position, Massey, 151-2.
Great Britain the principal market for products of Massey 36.
Honey export Lloyd-Greame 165; Massey 180.
Housing Scheme Massey, 81-2.
Hydro-electric schemes, Lloyd-Greame 123, Massey 128, 130.
Immigration:
Assisted passages, Amery 90, 103.
Attitude *re*, Massey 81; 103.
Boys and girls 108-9.
Bush and swamp land not immediately available for settlers, Massey, 80.
Conference with H. M. Government, January-February 1921, 98-9, 101-5.
Economic question, Allen, 77.
under Empire Settlement Act, Buckley 71-2, 77.
Group system, Massey, 81, 83.
Housing difficulty, Allen, 79; Massey, 99-100, 80, 81-2.
Labour attitude, Allen, 78.
no Large area available, Allen, 78; Massey, 80.
Migrants of British and Irish nationality to and from, 1913, 1921, 1922, 109.
Nomination system Allen, 78, 103, 113.
Passage agreement with H. M. Government, 107.
Passage schemes, Committee's report, 114
Position Allen, 77-8-9.
Prospects, Allen, 78-9.
Public school boys Allen, 79; Buckley, 96, 116, 118.
Reception arrangements Committee's report, 115.
Skilled Labour, need for, Massey 81.
Types, Allen, 79.

New Zealand—*Con.*
Immigration—*Con.*
Urban population unsuitable for, Massey, 81.
Sir William Windham's mission Buckley, 72.
Women, measures for encouragement of 117.
Imperial preference in public contracts, Massey, 203.
Imports from Great Britain:
1922 Massey 33.
Approximate yearly value, Massey, 152-3.
Per capita, Bruce 55.
Income tax, Massey 259.
Judgments, reciprocal enforcement, Allen 342; Ormsby-Gore 342.
Land Settlement, Massey 35-6.
Livestock, freedom from disease, Massey 425-6.
Mail services: 268, 269.
Conference with G.P.O. proposed, Worthington-Evans, 234, agreed to, Massey, 235.
and Need for improvement, Massey, 36-7, 233-4, 258.
via San Francisco and New York, need for improved train connection, Massey, 234.
Marketing of produce, Massey, 459-60.
Meat Export Control Board, Massey 258.
Meat trade: Massey 36.
and Competition of South American States and appeal for consideration, Massey, 152, 426-7.
Beef, problem of marketing, in Great Britain, Massey 177-8.
Effect of rate of exchange to exporters Massey, 359.
Penny post Massey 234-5.
and Patents provisional scheme, 345, 346, 348.
Preference to British Countries, Massey 33, 152-3, 181, 218.
Preference in public contracts, Massey, 153.
Railway schemes, Massey, 129, 130.
Research work Allen 387-8.
Road making schemes and benefit to be derived from financial co-operation, Massey, 160-1.
Scientific and industrial research organization, proposals under consideration 129.
Sea communications of vital importance to, Massey 257.
Shipping:
Freights:
Appreciation of work of Shipping Committee, Bruce 253.
Difficulty owing to number of harbours, Massey, 257-8; Mackinder, 264.
to Great Britain, Mackinder 244.
Reduction Massey 258.
Light dues, suggested meeting between New Zealand representatives and representatives of Chamber of Shipping, with regard to, Mackinder, 244-245.
Ship, new type of, Massey 258.

New Zealand—*Con.*
Research Work—*Con.*
Soldier Settlement Scheme, Massey 79-80.
State enterprises, immunity of, attitude respecting, Massey 418.
Sugar Imports from Fiji Massey, 35.
Tariff concessions to India, Innes 158.
Tobacco growing Massey 179.
Trade:
with Canada Massey 33.
Overseas 1880, 1901, 1921, Bruce, 54.
with U.K. compared with Russian 1913, Bruce, 175-6.
services of Trade Commissioners in Canada and South Africa used by, 207.
Unoccupied land, tax on, Massey, 81.
Wheat production, Massey, 180.
Wine production, Massey, 180.
Wireless, position, Massey, 305-6, 316.
Wool trade, bills of lading, Mackinder, 240.
Workmen's compensation, Massey, 452.

Newfoundland:
Administration of Justice Act adopted by, 1920, Hogg, 341.
Apple production, Lloyd-Greame, 164.
Banking, McGrath, 363.
Benefit from Trade Facilities Act, Warren, 42.
Cable service, 323, 327.
Contribution to Imperial Institute, resolution, 19, 415.
Currency, management of, Amery, 364.
Customs valuation, 214, 216, 220.
Dried cod, trade control experiments, McGrath, 186-7.
Frozen salmon, tariff preference, suggestion, McGrath, 185-6.
and Imperial Institute, Winter, 389.
Judgment reciprocal enforcement, McGrath, 342.
Mail service 269.
Overseas settlement position, Warren, 87-8.
and Patents provisional scheme, 348.
Pulp and paper industry, Winter, 133; McGrath, 434.
Telegraph monopoly of Anglo-American Telegraph Company, McGrath, 318-9.
Trade Commissioner at Montreal's services utilized by, 208.
Trade control experiments, McGrath, 186.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Wireless monopoly of Marconi Company, McGrath, 319.

News service:
Connection with migration, Vinnicombe, 338.
Empire Press Union, deputation, 330-40.
Importance of improved services, Bruce, 309.
Inadequacy of, and connection with cable service, Burnham, 331-2.
Resolution of Imperial Press Conference, Ottawa, 1920, 340.

Nigeria:
Aircraft and accessories admitted free with certain small exceptions, 290.
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Forestry resources, 442.
Loan referred to, Ormsby-Gore, 135-6.

Northcliffe, Lord, quoted, Bruce, 310.

Northern Rhodesia:
Aerial survey desirable, Ormsby-Gore, 285.
Currency, management of, Amery, 364.
Favourable to Scheme recommended by British Empire Patent Conference, 345.

Nyasaland:
Currency, management of, Amery, 364.
Customs duties on aircraft and accessories, 290.
Favourable to Scheme recommended by British Empire Patent Conference, 346.
Tobacco industry, stabilization of preference desirable, Ormsby-Gore, 189.

Ormsby-Gore, the Hon. W. G. A., M.P., Parliamentary Under-Secretary of State for the Colonies:
Aerial surveying, 285.
American economic policy, Empire development necessitated by, 47.
British Empire, productive possibilities, 47-8.
Canadian Trade Commissioner, Jamaica, 205.
Colonies, Protectorates and Mandated Territories, size and importance, 46-7.
Commercial Intelligence, 205.
Empire currency and exchange, 363-4.
Financial co-operation in Imperial development, 135-6, 139.
Forestry, 435.
Imperial Economic Committee, 460-1.
Imperial Institute, 384-5, 392.
Imperial Preference in public contracts, 159, 201-2.
Marketing problem, 189-90.
Opening speech, 46-7-8.
Reciprocal enforcement of judgments, 342.
Rhodesia, settlement, 86.
State enterprises, immunity, 418.
Sugar, British preference proposals, 159.
Tariff preference, 189-90-1-2.
Tobacco, 159.
West Indian Cable scheme, 307.

Overseas Settlement:
African possibilities, Smuts, 39-40.
Assisted passages, 103, 108, 120.
British and Irish subjects recorded as emigrants from, or immigrants into each division of the United Kingdom, 1913, 1921, 1922, 110.
Canadian attitude towards, King, 30-31.
Children and juveniles, Buckley, 75, 116.
Classes of settlers, 75, 100, 123.
Committee on:
Appointment of, 94-5.
Constitution, 110, 111.
Report: 110-121.
Adopted, 97-98.
Concurred in Graham, 96; Bruce, 97; Wilson, 97.
Presentation of, Buckley, 94-7.
Tribute to, on behalf of British Government Lloyd-Greame, 93.
Value of work, Bruce, 97.

Overseas Settlement—*Con.*
Conferences 1921, Buckley, 70-1, 98-9, 105-6.
forthcoming Conference in Rome, Buckley, 98.
Connection with other questions Smuts, 40; Bruce, 49; Buckley, 74; Bruce, 73-4; Amery, 88, 100, Mackinder, 245-6.
Co-operation of Dominions less complete than desirable, 99-100.
Details of scheme, need of improvement, Buckley, 74.
Difficulty of inducing people to migrate, Burton, 83.
Dominions' suggestions invited, Buckley, 75.
Draft Agenda, questions to be considered, Lloyd-Greame, 25-26.
Economic security, need for, Amery, 88.
Education of the young with view to, suggestion, 112.
Empire Settlement Act: 1922:
Agreements entered into under, 107-9.
Objects of policy, 100.
Provisions, Buckley, 71, 99, 106-7.
Results, Buckley, 71-72; Graham, 98, 111.
Schemes under negotiation under, 108.
Even distribution of Empire population a fundamental need, Amery, 93-4.
Expediting of development schemes important, 112.
Families: Buckley, 75, 115.
Importance of, Amery, 90.
Maintenance Allowances to heads of families for temporary period, question of, Buckley, 95, 115.
Financial co-operations:
Methods of; 103.
Scheme of advantage with regard to speeding up, Massey, 129.
"Follow-up" system, need for, Graham, 76-7; Amery, 91-2.
Free passages to ex-service men and their families, Amery, 90, 103.
H.M. Government's attitude and appeal to Dominions, Barlow, 86, 101.
Group system, Buckley, 83, 95; Burton, 92, 118; Barlow, 87; Amery, 84.
Housing, importance of, Amery, 90.
Labour attitude, 101.
Land settlement schemes, 117-8, 121.
Long-term arrangements in settlement schemes, need for, Amery, 89.
Memorandum, 98-101.
right Mental attitude towards, importance of creating, Amery, 93.
Migrants of British and Irish nationality to and from extra-European Countries, 1913, 1921, 1922 109.
Migration from the United Kingdom, 1871-1920 110.
New Zealand, land settlement possibility, Massey 35-6.
better News services of importance in connection with, Vinnicombe, 338.
Nomination system: Buckley 95; Allen 97, 113.
the Eventual solution of problem Bruce 113.
Extension of system, proposals 113.
Success of 103.
Overseas Settlement—*Con.*
Obstacles to more rapid expansion:
Economic Buckley 73; Allen 77; 111.
Labour opposition, Allen, 77.
Political Buckley 90; 74, 111.
Psychological Buckley 73; Graham 76; Amery 92.
Oversea Settlement Committee, 1922 Report 100.
Passage Agreements, Buckley 95.
Passage rates Amery 82.
Passage schemes, 108, 114-5.
Policy underlying movement, Buckley, 75-6.
Preference for British settlers, urged, Amery 91.
Progessive enlargement of policy desirable 112.
Prospects in the future, Buckley 49.
Public School boys, Buckley 75, 96; Allen, 79; 116.
Rate, connection with rate of absorption 111.
Reception arrangements 100, 114-5.
Regulated Migration absence in the past Massey 32.
Resolution 12, 97-8.
Resolution of 1917 Conference and Australia's position regarding, Bruce 59.
proper Selection, need for Graham, 76; Amery 91.
Selection and recruiting, Report of Committee, 112.
State-aided, Conference on, January-February 1921, Buckley 70, 98, 101-5, 111.
Statement, Buckley, 70-76.
Training:
Land work for Overseas preferable, with brief period of testing at home, Buckley 96; 119.
for Rural life, Barlow 87.
Unsound distribution of Empire population, Amery 89.
Wireless advantage in connection with, Bruce 309.
Women and girls: Buckley 75; 117.
for Household service, training at home recommended 119.
Importance of providing for 100.
Pacific:
Cable Board *see under* Cables.
Empire wireless interests in, position, Bruce 304; Amery, 305.
Palestine, customs duties on air-craft and accessories, 290.
Panama Canal:
Development of traffic from Western Canada to British Isles via, Graham, 250.
Mail service via, Massey 233; 268.
Paper, imports into Australia from Great Britain, 1920-21 and value of preference on, Bruce 52.
Patents, Designs and Trade Marks:
British Empire Patent Conference, 1922 recommendations of, Lloyd-Creame 343-4.
Committee on Imperial co-operation with reference to:
Appointment, 343.
Constitution, 347.
Report, 346-349.

Patents, Designs and Trade Marks—*Con.*
Imperial Central Patent Office, question, Lloyd-Greame, 343.
Imperial Co-operation with respect to, Board of Trade Memorandum, 343-346.
Resolution, 16, 349, adopted, 343.
Perley, Sir G., on State-aided Empire Settlement 1921 103.
Port Rico, Sugar, American preference, Ormsby-Gore, 159.
Portugal, differential tariff for possessions, Bruce 57.
Press, thanks to, Lloyd-Greame 464.
Prince Rupert harbour, to be developed, Graham, 250.
Public Contracts, Imperial Preference in:
in Australia, Wilson 203.
British Government policy, Chamberlain, 201.
Colonies and Protectorates, practice of, Ormsby-Gore 159, 202; Amery 202.
Empire finished manufactures, encouragement, Colonies and Protectorates, Ormsby-Gore 201; Amery 202.
Fixed percentage of preference, difficulty, Chamberlain, 201; Graham 202-3.
Irish Free State not yet in position to state its views, Riordan 203.
Mutual preference between different parts of the Empire, plea for, Graham 203.
New Zealand Massey 153.
Newfoundland, Warren 203.
Raw Materials:
not of British manufacture, suggested clause in contracts, Ormsby-Gore, 202.
Indian position with regard to Innes 203-4.
Stipulation for, difficulty, Chamberlain, 201; Ormsby-Gore 201-5; Innes 204.
Resolution 13, 204-5.
in South Africa, Burton 203.
Suspension, power reserved, Chamberlain 201
Tenders, calling for, duty-paid, practice of British Government, Chamberlain 201.
Treasury circular to Government Departments, 1919, Chamberlain, 201.
Urged, Bruce 62.
Quebec harbour, development, Graham 250.
Queensland, cotton growing Massey 35.
Rangoon, shipowning agents, discrimination against certain rice merchants, steps taken by Imperial Shipping Committee, Mackinder 243.
Raw Materials, co-ordination of research, proposals 398-400.
Rhodesia:
Customs duties on aircraft and accessories and British preference 290.
Land settlement schemes, probability of 118.
Tobacco industry, stabilization of preference desirable, Ormsby-Gore 189.
Riordan, E. J., Secretary to Trade and Shipping Department Irish Free State:
Air communications, 284.
Empire currency and exchange, 363, 370.
Financial assistance in Imperial development 139.
Forestry 434.
Imperial Economic Committee 460.
Imperial Institute 389, 392.
Imperial Preference in Public Contracts 203.
Patents 348.
Reciprocal enforcement of Judgments 342
Shipping, Irish interest in All-Red Route, 260, 264, 265.
State enterprises, immunity 418.
Tariff preference 185.
Workmen's compensation 453.
Russia:
Competition with Canada in canned salmon Graham 168.
Forestry position, Laval 429; 437.
Imports from United Kingdom per capita, Bruce 55.
Revival of trade with, effects on Empire production, Bruce 175-6; Massey 179.
Safeguarding of Industries Act, *see under* United Kingdom.
Salisbury, the Most Hon. the Marquess of, K.G., G.C.V.O., C.B., Imperial Institute 383.
Salvarsan, contract by Secretary of State for the Colonies with British manufacturers in spite of price being higher than that offered by German firm, Ormsby-Gore 202.
Sanders, Sir Robert:
Mr. Bruce's proposels, procedure for dealing with 146.
Livestock import and export Imperial policy 420-1-2, 426.
Merchandise Marks Bill 183.
St. Lawrence Waterway, insurance rates, hardship of, as compared with rates from New York, etc., Graham 251.
St. Lucia, favourable to Scheme recommended by British Empire Patent Conference 346.
St. Vincent, wishes to adopt Scheme recommended by British Empire Patent Conference, for Self-Governing Dominions, 346
Samoa:
Copra, export of practically whole production to Germany, Ormsby-Gore, 47.
Wireless station, Massey, 316-7.
Scientific and Industrial Research:
Agricultural research, 399-400.
Application to the whole Empire suggested by Governments of Victoria and New South Wales, memorandum on, 393.
Associations, 395.
Central Body for administration of common fund supported by United Kingdom and Dominions, question of, 404.
Coordinating body, need for, Allen, 387-8.
Coordination in:
Memorandum by Department of Scientific and Industrial Research, 393, 402-3.
Memorandum by Secretary of State for the Colonies, 411-2.
Schemes, 393-4, 398-402.
Imperial Bureau of Information scheme, 402.

Scientific and Industrial Research—*Con.*
Mutual cooperation, desirability, Salisbury, 383-4.
Research Associations, admission to membership of firms in Dominions question of, 401-2.
Resolutions, 19, 392-3.

Scientific and Industrial Research Department:
Boards of, 400-401.
Building Research Board, work of, 398-9.
Colonial Research Committee, 393-4.
Coordinating Research Boards, 398-9.
Encouragement of scientific research in Universities and Colleges, 394.
Food Investigation Board:
Functions, 397.
Investigation into damage to Australian apples in transport, 411.
Forest Products Research Board, work of, 397-8.
Fuel Research Board:
Functions and work for Dominions, 397.
Investigation into possibilities of production of power alcohol in the British Empire, 407-8.
Functions, 394.
Grants to Research Associations, 395.
Imperial aspect of work, 394-402.

Seychelles:
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Mail service, 271.
Shipping communication with India, recommendations for improvement made by Imperial Shipping Committee, Mackinder, 248.

Shipping:
Acceleration of services by combination of air, sea and land, scheme, Mackinder, 247-8.
All Red Route, Irish interest in, and question respecting, Riordan, 329, 260, 264, 265
Reply to, Mackinder, 264; Amery, 265.
Associations of shippers, value to be derived from, Mackinder, 263-4.
Bills of Lading:
proposed British legislation, Mackinder, 239-40.
Comparison with Canadian Water Carriage of Goods Act, 1910, 273, 274-5-6-7.
India would introduce legislation on similar lines, Innes, 261.
Committee on:
Appointment of, 267.
Constitution, 272.
Report, 273-4-5-6-7.
Common Law practice, Mackinder, 238-9.
Empire uniformity:
Appeal for, Lloyd-Greame, 260.
Hope of, Mackinder, 239-40.
Forms of, "shipped' and "received for shipment," Mackinder, 240.
Hague Rules, and amendment, Mackinder, 239, 273-4.
International basis, benefit to be derived from, Bruce, 252.

Shipping—*Con.*
Bills of Lading—*Con.*
Rules recommended by Brussels International Conference, 1922, adoption, resolution, 15, 274, adopted, 332, 268.
Shipowners' liability under, acuteness of question after the war, Mackinder, 238.
South African proposed legislation, Burton, 260.
Work of Imperial Shipping Committee with regard to, Mackinder, 238-9-40.
Coasting voyages, exclusion of ocean shipping from, effect on rates, Mackinder, 245, 246.
Deferred Rebates:
Australian question respecting, Mackinder, 240-1.
"Loyalty" agreement in South Africa in place of, Mackinder, 242.
Optional system of rebates or agreement:
Recommended by Imperial Shipping Committee, Mackinder, 242-3.
Satsifactory working of, in Australia, Mackinder, 242-3.
Quasi-monopoly essential in case of liners, Mackinder, 241-2.
Royal Commission on, Mackinder, 240-1.
South African action, Burton, 260.
Work of Imperial Shipping Committee with regard to, Mackinder, 240-1.
Appreciation of Bruce 252.
Economic Defence: Lloyd-Greame 350
Resolution, 17, adoption, 350.
Freights:
Appreciation of work of Shipping Committee, Bruce, 252.
British shipping rates on flour from Canada, discrimination against Canada as compared with U.S.A., Graham, 259; Lloyd-Greame, 251.
High, factors governing, Mackinder, 245-6.
Reduction, New Zealand, Massey, 258.
Relation of migration to, Mackinder, 245.
Imperial Shipping Committee:
Advantage of, Mackinder, 249.
Appreciation of work of, 312, 14, 251-2-3, 267.
Continuance:
Hoped for, Burton, 259, Innes, 262.
and Placing on permanent basis desired, Bruce, 256.
Resolution, 14, 267-8.
as Imperial body, responsible to Imperial Conference or to whole of Prime Ministers advocated, Bruce, 256.
Meetings held, Mackinder, 294.
Origin and character of, Mackinder, 236.
Permanent body with paid Chairman, etc. danger of conversion into bureaucratic body, Innes, 261.
Power to send for witnesses and for documents:
Doubt as to advantage of, and possible disadvantage, Innes, 262; Mackinder, 265-6; Allen, 266; Lloyd-Greame, 266-7.
Suggestion, Massey, 259.

Shipping—*Con.*
Imperial Shipping Committees—*Con.*
Powers, Mackinder, 236.
Shipowners' goodwill secured, Mackinder, 237.
Unanimity, habit of, and methods of obtaining, Mackinder, 236-7.
Value of findings from political point of view, Bruce, 253.
Work of, Mackinder, 237.
Improvement of services, problem of, and report of ommittee, Bruce, 255-6.
Insurance rates on St. Lawrence route, hardship of, as compared with rates from New York, etc., Graham, 251.
Irritation in shipping world, Mackinder, 237-8.
Light Dues, Australia, proposed taking over of, by Commonwealth Government, Bruce, 253-4.
"Loyalty" principle, difficulty of applying in Canada, Graham, 249-50.
Mail services, see that title.
Navigation Act, Australia, Bruce, 254.
North Atlantic, difference of conditions from those in other parts of the world, Mackinder, 241.
Port on West of Ireland, question of, Riordan, 260, 264, 265; Mackinder, 328; Amery, 264-5.
Port Charges:
Australia, decision that revenue not to be derived from, and charges to be limited to costs of providing required services, Bruce, 253.
Imperial Shipping Committee report Mackinder 245.
Position of industry, Mackinder 248-9.
Prosperity dependent on Empire development, Mackinder 245; Graham 249.
the Round voyage the economic unit Mackinder 244, 246.
Size of ships, Mackinder 246-7, 264; Graham 249; Burton 259.
Statement on Mackinder, 235-249.
State-owned ships, immunity, *see under* State enterprises.
Subsidy necessary to give Australia a faster service, enquiry into, by Imperial Shipping Committee, Mackinder 246.
Taxation: Lloyd-Greame, 255.
Australian position *re*, Bruce, 254-5.
Committee:
Appointment 268.
Constitution, 277-8.
Report, 278-80; adopted, 15, 267-8.
India and, Innes, 261.
Report of Imperial Shipping Committee, Mackinder 262-3.
Shipowners' complaints, and consideration of, 278-80.
Variety of methods an impediment to commerce, Mackinder 249.
Terminal charges, question of, Mackinder, 244-5.
Vital importance of sea communications Massey 257.

Sierra Leone:
Customs duties on aircraft and accessories, 290.
Favourable to Scheme recommended by British Empire Patent Conference 346.
Silk, possibilities of Empire production, Ormsby-Gore 47-8.
Singapore:
Bills of lading, forms, Mackinder 240.
Wireless scheme, P.O. memorandum 328.
Skelton, Dr., patents 347.
Smith, Sir H. Llewellyn, British Delegate at the International Conference on Customs formalities, letter from, considered 206.
Smuts, General the Right Hon. J. C., K.C., C.H., Prime Minister of the Union of South Africa:
African Continent, economic possibilities of 39-40.
British fiscal policy, no attack on, intended 38.
Imperial Communications, importance of improvement 41.
Imperial Economic Committee, advantage doubtful 41.
Imperial Preference, additional British preferences would aid Empire development 40.
Opening speech 38-41.
South Africa:
Great Britain the most important but not the only market 39.
Preference policy, willingness to reshape, 40.
Skilled labour and capital required, 39-40.
United States of America, economic policy, Empire development necessitated by 39.
Somaliland, favourable to Scheme recommended by British Empire Patent Conference 345.
Solomon Islands, favourable to Scheme recommended by British Empire Patent Conference 433.
South Africa:
Air surveying worth consideration, Burton 284.
Alcohol production from molasses 408.
Apple growing and value of proposed preference, Lloyd-Greame 164; Burton 184.
and British preference proposals, Burton 154-155 184.
Cable services and rates, Worthington-Evans 294, 323-4, 326-7; Kerney 327.
Canned cray fish, appeal for preference on, Burton 185.
Capital required, Smuts 39-40.
Contribution to Imperial Institute, resolution, 19, 415.
Cotton growing, prospects of industry, and plea for application of financial co-operation scheme to, Burton 132-3.
Currency and exchange position, Burton 360, 362; 372, 372-8, 375.
Customs duties on aircraft and accessories and British preference, 289.
Customs valuation 214, 216, 220.
Dried fruits, opinion with regard to preference proposals, Burton, 154.

South Africa—*Con.*
Durban dry dock and the size of ships, Mackinder 264.
and Financial co-operation in development schemes, Burton 131-3.
Forestry:
Position, Burton 433.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.
Fruit export 411.
Government, co-operation with Fabrics Co-ordinating Research Committee 402.
Great Britain the most important but not the only market, Smuts 39.
Immigration
Agricultural settlers, need for, and terms offered, etc., Burton 85.
Difficulties realized, Barlow, 86.
Group system, Burton, 84.
Land settlement scheme 118.
Policy Amery 92.
Position *re* Buckley, 71; Macintosh, 97, 106.
Public school boys 116.
Skilled labour required, Smuts 39-40.
Unskilled labour not needed, Burton, 85.
and Imperial Institute, attitude, Burton 388-389.
Imperial Institute work for, Ormsby-Gore, 385.
Imperial preference in public contracts, Burton 203.
Imports from United Kingdom per capita, Bruce 55.
Interest in exchange of pedigree stocks, Burton 427.
Interest in Gold Standard, Burton 361.
Judgments, reciprocal enforcement, legislation not urgent, De Wet, 342.
Mail service, Worthington-Evans 228, 268, 269.
Maize growing prospects and question of British preference, Burton, 155.
Merchant Shipping Bill, Burton 418.
Overseas trade 1880, 1901, 1921, Bruce 54.
and Patents provisional scheme 345, 348.
Preference to British products: Smuts, 40-41; Burton 153.
Conditions of 218.
Extension desired subject to local needs, Burton, 154.
Willingness of South Africa to reshape policy, Smuts 40.
Railway material for, investigation by National Physical Laboratory 397.
Reserve bank, Burton 262-3, 373.
Scientific and industrial research organization 393.
Shipping:
Bills of lading, proposed legislation, Burton, 260.
Deferred rebates:
Abolition and substitution of "loyalty" agreement, Mackinder 242.
Action with regard to, Burton, 260.
Trade Commissioner Service in 207.
Trade Controls, experience of, Burton 184.
South Africa—*Con.*
Trade with United Kingdom, percentage, Innes, 45; Burton 362.
White fluorite, need for investigation 400.
Wine export trade:
Alcoholic content difficulty, Burton, 155.
"Port" name, difficulty, Burton 195.
proposed Preference appreciated, Burton 194.
Wireless:
Communication with Government station agreed to, Worthington-Evans 308, 330; Macintosh 318.
Interest in, Kerney 337.
Position, Bruce 314; Macintosh 318.
proposed Scheme, Worthington-Evans 296, 327-8.
South Australia, administration of Justice Act 1920, adopted by, Hogg, 341.
Southern Rhodesia:
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Need for settlers with capital, Ormsby-Gore, 86.
Spain:
Differential tariff for possessions, Bruce, 57.
Imports from United Kingdom per capita, Bruce, 55.
State Enterprises, immunity of:
Colwyn Committee Report: Lloyd-Greame, 415-7.
Discussion on and agreement, 417-18.
Proposals, Lloyd-Greame, 415-6.
Importance of question, Lloyd-Greame, 415.
Resolutions, 20-21, 418-20.
Shipping, Gothenburg draft Convention: Lloyd-Greame, 416-7.
Adoption recommended, 25, 419.
Proposals agreed with, Massey, 418.
Willingness to accept proposals, Bruce, 417.
Statistics
Imperial Advisory Committee, approved by majority of Commercial Facilities Committee but not by Canada or New Zealand, 226.
Report of Commercial Facilities Committee, 226, Resolution, 14, 226.
Adopted, 226.
Steele, John S., quoted on Leafield wireless station, Donald, 334.
Stevenson, Sir James, Empire currency and exchange, 370.
Straits Settlements:
Aircraft and accessories admitted free, 290.
British and Canadian Trade Commissioners, 207.
Cable service and rates, 326.
Currency, management of, Ormsby-Gore, 363; Amery, 364; 372.
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Sugar:
Empire production, possibility of meeting Empire requirements, Massey, 35; Ormsby-Gore, 47.

Sugar—*Con.*
Indian purchases in Java and difficulties in way of purchase at higher price, Innes, 203.
Preference, see under Tariff Preference.
Production, effect of Imperial Preference, Massey, 31.
Swaziland, decision with regard to Scheme recommended by British Empire Patent Conference postponed until Union of South Africa has decided, 345.
Sweden, timber position, Lovat 430, 437.
Tahiti, sugar production, British capitalists, Massey, 35.
Tanganyika:
Aerial survey desirable, Ormsby-Gore, 285.
Customs duties on aircraft and accessories, 290.
Development, limitations in connection with, Ormsby-Gore, 136.
Mail service, 270.
Tariff Preference:
Australian, on British goods and value of, Bruce, 50-2; 59-60; Lloyd-Greame, 140; Wilson, 203; 218.
British:
Agricultural products on which preference would be valuable to Canada, Graham, 168.
Apples, raw:
Proposal, Lloyd-Greame, 164.
Approval, Massey, 179; Burton, 184.
Australian wines, Bruce, 150, Lloyd-Greame, 150.
Barley and hops, proposal, Lloyd-Greame, 165.
British fiscal policy, no attack intended, Smuts, 38.
Canned cray fish:
Appeal for, Burton, 185.
Proposal, 196..
Question to be considered, Lloyd-Greame, 185.
Canned lobsters:
Proposal, 196.
Question of, McGrath, 185-6.
Canned salmon, proposal Lloyd-Greame, 164-5; 196.
Approval, Graham, 168; McGrath, 185-6.
Cocoa, effects, Lloyd-Greame, 140.
Coffee, effects, Lloyd-Greame, 140.
Connection with overseas settlement, Smuts, 40-1; Amery, 88-9.
Currants, proposal, Lloyd-Greame, 141-2, 150, 195.
Danger of foreign dumping rendering preferences ineffective, Bruce, 171.
Dried Fruits:
Effects, Lloyd-Greame, 140-1.
Proposal, Lloyd-Greame, 141-2; 154, 195.
Approval, Massey, 151; Burton, 154; Graham, 166; Bruce, 170-1.
Effect on Britain's relations with other countries, Bruce, 56-7.
Tariff Preferences—*Con.*
Effects on Imperial production, 34; Smuts, 40; Lloyd-Greame, 140-1.
Flour, would be valuable to Canada, Graham, 168.
Forest products would be valuable to Canada, Graham, 168.
Frozen salmon, suggestion, McGrath, 185-6.
Fruit juices, proposal, Lloyd-Greame, 165, 196-7.
Approval, Bruce, 171; Burton, 184.
Honey, proposal Lloyd-Greame, 165; 196.
Approval, Bruce, 170; Massey, 180; Burton, 184; Ormsby-Gore, 190.
Increase in price of food not intended Massey, 34-5.
Irish Free State position, Fitzgerald, 156.
Jam, proposal, Lloyd-Greame, 142-3.
Lime juice, value to Dominica, Ormsby-Gore, 190.
certain Metals, minerals, etc., would be valuable to Canada, Graham, 168-9.
Molasses, effects, Lloyd-Greame, 141.
Motor cars, effects, Lloyd-Greame, 141.
of Mutual advantage, Lloyd-Greame, 140.
Need for making effective, and suggestions regarding, Bruce, 60.
1917 resolution: Massey, 182.
Australia's position regarding, Bruce, 59-60.
Reaffirmed, 61, 192-3.
a Permanent policy, Lloyd-Greame, 192.
Preserved Fruits, proposal, Lloyd-Greame, 142, 195.
Welcomed, Massey, 151.
Proposals: Lloyd-Greame, 140-144, 191-2.
Australia's attitude, Bruce, 150, 170.
Canada's attitude, Graham, 147-50, 151, 166, 214.
India's attitude, Innes, 187.
Irish Free State position, respecting, Riordan, 185.
Markets problem not fully solved by, Bruce, 174.
New Zealand's appreciation and attitude, Massey, 151-2, 177.
South African appreciation, Burton, 154, 184.
Spirit in which made, Lloyd-Greame, 143-4.
Suggestions invited, proposals not the last word, Chamberlain, 159-60.
Test to be applied in part of preferences, Lloyd-Greame, 164, 185.
Questions to be considered, Lloyd-Greame, 27.
Shellfish, suggestion as to wording McGrath, 185
Sugar:
Effects, Lloyd-Greame, 140-1.
Proposal, Lloyd-Greame, 143, 196.
Appreciated, Burton, 154.
Gratitude of Colonies and benefit to be derived, Ormsby-Gore, 159-60.
Tobacco:
Effects, Lloyd-Greame, 141.
Proposals, Lloyd-Greame, 143, 164, 196.

Tariff preference—*Con.*
British—*cont.*
Appreciation, Burton, 154, 166; Innes, 187.
Extension to Colonies and Protectorates hoped for, Ormsby-Gore, 159.
Stabilization of, desirability, Ormsby-Gore, 189.
Urged from point of view of self-supporting Empire, Massey, 182.
Wheat, would have been welcomed, Graham, 167.
Wine, proposal, Lloyd-Greame 165; Guinness 193; 196.
Appreciation of, Bruce 170, 194; Graham 193; Massey 194; Burton, 194.
British public's attitude towards, change in, Massey 181.
Canadian, on British Goods: King 31; Graham 167; 218.
25 per cent rule, Graham 169.
By Dominions inclusion of Colonies and Protectorates appealed for, Ormsby-Gore 191.
by Foreign countries to their dependencies, Bruce 57.
Inter-Dominion preferences, Graham 148.
Investigation of question by propose Imperial Economic Committee not approved, Graham 458.
Mutual action desirable, Amery 88.
by New Zealand, to Great Britain, Massey, 151-2; 181; 218.
Public opinion in Great Britain, information desired, Lloyd-Greame, 192.
Resolution, 13; Bruce 177, 191, attitude *re*, Innes 188.
by South Africa, Smuts 40; Burton, 153; 218.
South African position, Burton 184.
Textiles, imports into Australia from United Kingdom 1920-21 and value of preference on, Bruce 52.
Tobacco:
African resources, Smuts 39.
American supply, Smuts 39.
Tariff preference, *see that title.*
Tobago, mail service, 271.
Togoland, Customs duties on aircraft and accessories, 289.
Tortola, mail service, 271.
Trade:
Steps for improvement of mutual trade, questions to be considered, Lloyd-Greame 28.
Value of British Market to Dominions, apprehensions as to future, Bruce 57-58.
Trade Commissioners, *see under* Commercial Intelligence.
Trade Facilities Act, *see under* United Kingdom.
Travancore, Imenite 400.
Trinidad:
new Cable scheme, Worthington-Evans 294; 325.
Mail service, 271.
Turks Island:
Cable service 323, scheme, Worthington-Evans 293; 325.
Uganda:
Customs duties on aircraft and accessories, 290.
Favourable to Scheme recommended by British Empire Patent Conference, but considers existing legislation sufficient 346.
Mail service, 270.
Unfederated Malay States, favourable to Scheme recommended by British Empire Patent Conference, 345.
Union Castle Company, 228.
United Kingdom.
see also subject headings.
Aircraft and accessories admitted free, 289.
Carriage of goods by Sea Bill, *see* proposed British legislation *under* Bills of Lading *under* Shipping.
Commercial treaty with Greece, Lloyd-Greame, 142.
Comparative value of Dominion and Foreign trade, Bruce, 54-56.
Conference on State-aided Empire Settlement, January-February, 1921, 98, 101-105.
Economic position and difficulties, Lloyd-Greame 25-27; Innes 44.
Empire Settlement Act, *see under* Oversea Settlement.
Exports:
1890, 1900, 1905, 1910, 1912, Bruce 56.
to Foreign countries and Overseas Empire, 1901, 1913, 1921, 1922, Bruce, 53-54.
Value of Dominion markets and statistics, Bruce 52-56.
Fiscal system, change in, new situation would be created, Graham 167-8.
India Great Britain's best customer, Innes 45.
Manufactured goods, Empire support hoped for, Massey 181-2.
Navy:
Contracts, Imperial preference in, extent of, Amery 202.
Meat contracts:
Criticism, Massey 36.
within the Empire, Amery 202.
New markets, need for, Bruce 56.
New Zealand's principal market, Massey 36.
Post-War trade difficulties, King, 29.
Safeguarding of Industries Act:
Effects, Lloyd-Greame 141.
Industries asking for protection under, Bruce, 56.
South African trade with, percentage, Burton, 361.
Taxation, high rate of, responsible for high prices to consumer, Ormsby-Gore, 190.
Trade Facilities Act: Lloyd-Greame 26.
might be Brought to notive of business interests in India, Innes 135.
Newfoundland's benefit from, Warren 42.
Trade in timber, wood manufactures and pulp of wood, 1922, 436.

United Kingdom—*Con.*
War Office:
Beef contract given outside the Empire, Massey 36.
Meat, frozen, obtained wholly from Australia and New Zealand, Derby, 203.
Meat preserved, position *re*, Derby 203.

United States of America:
Airships, Amery 285.
Atlantic cable companies, McGrath 319.
Canada's economic relations with, Graham 148.
Canadian softwood export trend towards, Lovat 431; 438-9.
Competition with Canada in canned salmon, Graham 168.
Debt to, Amery 361.
Discrimination against Canada as compared with by British shipping rates on flour, Graham 250; Lloyd-Greame 250-1.
Economic and debt policy, Empire development necessitated by, Smuts 39; Ormsby-Gore, 47; Bruce, 55.
Exports, 1890, 1900, 1905, 1910, 1912, Bruce 56.
Exports to, from Dominions and India, percentage, 1921, Innes 45.
Exports to and imports from Britain, Bruce 54.
Imports from United Kingdom:
1913, 1922, Bruce, 53.
Manufactured goods, percentage, Bruce 53.
Per capita, Bruce 53.
Petroleum production 1921, 1922, 406.
Postal rates Convention with Canada, Graham, 230.
Preference to sugar colonies, Ormsby-Gore, 159.
Shellac import from India, Innes 189.
Tariff, Bruce 57; Graham 148, 150.
Timber investigations in, Lovat 431; 438, 440
Timber position, Lovat, 430; 437-8.
Wheat, stabilization of prices, Bruce 67.
Wireless stations, Bruce, 311; Donald 333.

Vancouver harbour, development, Graham 250.

Vinnicombe, H., representing the Canadian Press, Ltd., 338.

Warren, the Hon. W. R., K.C., Prime Minister, Newfoundland:
Imperial Preference in Public Contracts 203.
Newfoundland, benefit from Trade Facilities Act, 42.
Opening Speech 42.
Overseas settlement 87-8.
Shipping 260.

Western Australia:
Administration of Justice Act, 1920 adopted by, Hogg, 341.
Fairbridge Farm School 109.

West Africa:
Cable rates, 326-327.
Cocoa, disparity between price of, and of chocolate in Great Britain, Ormsby-Gore, 190.

West Africa—*Con.*
Currency Board, Ormsby-Gore 363; Amery, 364.
Forestry, Ormsby-Gore, 435.

West Indies:
Alcohol production from molasses 408.
Cables:
Rates, 327.
new Scheme for: Worthington-Evans, 293-4.
Plea for entrusting, to Pacific Cable Board, Ormsby-Gore, 307.
Service, 323, 325.
to South America, difficulties in connection with, referred to, McGrath, 319.
Canadian preference to sugar from, Graham, 170.
Customs duties on aircraft and accessories and British preference, 290.
Customs valuation, Imperial Customs Conference proposals accepted by, 214.
Freights, steps taken by Imperial Shipping Committee, Mackinder, 244.
Honey exports to U.K., Lloyd-Greame, 165.
Mail service, Worthington-Evans, 228; 271.
Public contracts, reciprocal arrangements with Canada, Ormsby-Gore, 159.
Steamship communication with Canada, Graham, 300.
Sugar industry, benefit of Government preference proposals, Ormsby-Gore, 159.
Sugar production, Massey, 34.
Wireless:
previous Experience not very satisfactory and cable communication must come first, Ormsby-Gore, 307.
Scheme under consideration, Amery, 301.
Suggestion, Graham, 300.
Wheat:
Empire production possibilities, Massey, 180.
Preference, see under Tariff Preference.
Russian trade revival, effect on Empire production, Bruce, 175-6; Massey, 180.

Wilson, Senator:
Imperial Institute, 387, 390.
Imperial Preference in public contracts, 203.
Oversea settlement, 97.
Reciprocal enforcement of judgments in Australia, 342.
Workmen's compensation, 452.

Windham, Sir William, mission to Australia and New Zealand, Buckley, 72.

Windward Islands, mail service, 271.

Winter, the Hon. Sir Marmaduke, C.B.E.
Financial co-operation in Imperial Development, Newfoundland case showing value of proposals, 133.
Imperial Institute, 389.
Patents, 348.
Workmen's compensation, 452.

Winterton, Lord:
Imperial Institute, 390.
India, as customer of Great Britain, 204.

West Indies—*Con.*
Wireless:
Advantages of, and valuable work to be done from Imperial point of view, Bruce, 308-9-10; Massey, 316-7.
Australia:
Contract with Amalgamated Wireless Company for high-power station and question of reciprocal station in Great Britain, Bruce, 303-4, 312, 314-5, 338-9.
Need for settlement of matter, Bruce, 338-9; Darbyshire, 337.
Route via Canada, proposal, Bruce, 312-3.
between Canada and West Indies:
Scheme under consideraton, Amery, 301.
Suggestion, Graham, 300.
Canadian position and systems, Graham, 298-9; Bruce, 313-4, 321.
Competition with cable companies, value of Jeans, 337.
Concessions, resolution 16, adopted, 307-8.
Empire interests in the Pacific, position, Bruce, 304-5; Amery, 305.
Empire Press Union Council resolution, 1921, 340.
Empire's position compared with foreign countries, Bruce, 311; Worthington-Evans, 320; Donald, 333-4.
Foreign services, progress and serious effect on British interests, Donald, 334-4-5.
Government or private monopoly alike undesirable, Worthington-Evans, 322.
Imperial scheme: Graham, 299.
Abandonment of, Worthington-Evans, 295; Amery, 297-8.
British Government station and progress, Worthington-Evans, 295-6, 320.
British traffic, division between Government station and private companies, Worthington-Evans, 295.
Early decision on question important, Massey, 317-8; Innes, 319-20.
Empire control favoured, Massey, 317.
Erection of other stations in Great Britain, suggestion, Bruce, 315.
Government station to communicate with South Africa and Canada, Worthington-Evans, 308; Graham, 308; Macintosh, 318.
Memorandum by the Postmaster-General, 329-30.
Negotiations between H.M. Government and the Marconi Company, Worthington-Evans, 295-6, 304, 320-1-2.
New Zealand awaiting action by Great Britain, Massey, 316-7.
1921 scheme, Australia's dissent from, Bruce, 312.
Pooling arrangement, consideration of, and suggested action if arrangement not agreed on Bruce, 315-6.
Australia—*Con.*
Pooling arrangement—*Con.*
Post Office Memorandum, 327-8.
Private enterprise preferred in India, Innes, 307.
Private monopoly, dangers of, McGrath, 318-9.
Private owned stations not favoured, Massey, 305-6.
Regional distribution scheme:
Dangers of arrangement, Bruce, 313-4, 321.
Difficulties not likely to be serious, Worthington-Evans, 321-2.
Resolution, 15, 322.
South Africa satisfied with British scheme, Macintosh, 318.
Importance of, from news point of view, Donald, 336.
India's position, Innes, 319-20; Bennett, 338.
Leafield station, success of, Donald, 334-5.
Newfoundland's position, McGrath, 318-9.
New Zealand, Massey, 305.
Possibilities, Massey, 37.
Post Office policy, criticism, Donald, 335-6.
Resolutions of Imperial Press Conference, Ottawa, 1920, 339-40.
South African position, Bruce, 314; Macintosh, 318; Kerney, 337.
Statement by Sir Laming Worthington-Evans, 295-6, 301, 309, 320-2, 329-30.
Technical information, need for exchange of, Amery, 298.
Wave length, serious position in connection with, Bruce, 311-2.
West Indies, question of, Graham, 300; Amery 300; Ormsby-Gore, 307.

Workmen's Compensation:
Committee:
Appointment, 452.
Constitution, 453-4.
Report, 454-5.
Common Empire policy as regards, discussion respecting, 451-3.
Resolutions, 22, 451-2, 454-5.
Adopted, 453.

Worthington-Evans, the Right Hon. Sir Lamington, Bart., G.B.E., M.P., Postmaster-General:
Cable communications, 292-7.
Imperial Penny Post, 229-30.
Mail services, 227-30, 234-5.
Statement on Post Office communications, 227-30.
Wireless communications 295, 301, 309-10, 320, 329-30.

Zanzibar:
Favourable to Scheme recommended by British Empire Patent Conference, 345.
Mail service, 272.

IMPERIAL ECONOMIC CONFERENCE

1923

SUMMARY OF CONCLUSIONS